



# CONVERGE MIDSTREAM LLC

PIPELINE SERVICE TARIFF  
APPLYING TO  
THE INTRASTATE TRANSPORTATION WITHIN THE STATE  
OF  
TEXAS  
OF  
CRUDE PETROLEUM  
TRANSPORTED BY PIPELINE FROM POINTS IN TEXAS  
TO  
POINTS IN TEXAS

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The rates published in this tariff are subject to the rules and regulations published herewith, supplements thereto, and successive issues thereof, unless otherwise noted herein. Defined terms not otherwise defined herein shall have the meanings given to such terms in such rules and regulations.

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P-5 Operator ID:173942; T-4 Permit No. 09508

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EFFECTIVE AS OF October 1, 2019

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## TARIFF RATE SHEET

<b>Pipeline Transportation Service:</b>	Converge will make available pipeline capacity for receipt and delivery of Crude Oil from/to Genoa Junction into/from the crude oil storage and terminal facilities at Pierce Junction in Harris County, Texas (the "Terminal"). Crude Oil volumes will be transported subject to available pipeline capacity and at a flow rate commensurate with the requirements of the receiving or delivering pipeline.
<b>Receipt and Delivery Points:</b>	The points of interconnection at or near Genoa Junction in Harris County, Texas between Converge's pipeline and the interconnecting pipelines now owned or operated by Enterprise Products Partners, LP, Magellan Crude Oil Pipeline Company, LP, and Kinder Morgan Crude and Condensate, LLC, or their respective Affiliates. Additional Receipt and/or Delivery Points may be added by Converge in accordance with <u>Section 2.2</u> of the Rules and Regulations.
<b>Inbound Transportation Fee</b>	Customer will pay Converge <b>[\$0.05] per Barrel</b> for any volumes received from Receipt Points into the Terminal.
<b>Outbound Transportation Fee:</b>	Customer will pay Converge <b>[\$0.05] per Barrel</b> for any volumes delivered from the Terminal to Delivery Points.
<b>Pipeline Loss Allowance:</b>	Converge will assess Customer a fixed pipeline loss allowance of <b>[0.1]%</b> of the volumes received into the Terminal and a fixed pipeline loss allowance of <b>[0.1]%</b> of the volumes delivered from the Terminal.
<b>Annual Escalation:</b>	All Charges and Fees under this Tariff Rate Sheet are subject to Annual Escalation as set forth in <u>Section 4.3</u> of the Rules and Regulations.
<b>Crude Oil Specifications:</b>	Customer's Crude Oil shall meet the Crude Oil Specifications defined in <u>Section 3.1</u> of the Rules and Regulations.

## RAILROAD COMMISSION OF TEXAS TARIFF REQUIREMENTS

The following Railroad Commission of Texas Tariff Requirements must be printed and included in a pipeline tariff in accordance with 16 Texas Administrative Code § 3.71(20). To the extent that any matter in these Texas Tariff Requirements is addressed with greater specificity in the tariff's Rules and Regulations, such Rules and Regulations shall govern the rights and obligations of Conveyer and Customer hereunder.

- (1) All marketable oil to be received for transportation. By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than 2.0% of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the commission may require.
- (2) Basic sediment, how determined--temperature. In determining the amount of sediment, water, or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of the sediment, water, or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than 90 degrees Fahrenheit, except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper.
- (3) "Barrel" defined. For the purpose of these sections, a "barrel" of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit.
- (4) Oil involved in litigation, etc.--indemnity against loss. When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of shippers an indemnity bond to protect it against all loss.
- (5) Storage. Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five days from the date of order of delivery at destination.
- (6) Identity of oil, maintenance of oil. A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value.
- (7) Minimum quantity to be received. A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than 500 barrels.
- (8) Gathering charges. Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation, and for delivery.
- (9) Measuring, testing, and deductions (reference Special Order Number 20-63,098 effective June 18, 1973).
  - (A) Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.

(B) As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter, by:

(i) lease automatic custody transfer (LACT) equipment, provided such equipment is installed and operated in accordance with the latest revision of American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6.1, or;

(ii) any device or method, approved by the commission or its delegate, which yields accurate measurements of crude oil or condensate.

(C) Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540, American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention of the commission to affect any tax or royalty obligations imposed by the laws of Texas on any producer or shipper of crude oil.

(D) A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.

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

(11) Unpaid charges, lien for and sale to cover. A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.

(12) Notice of claim. Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed.

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

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

(15) Shipper's tanks, etc.--inspection. When a shipment of oil has been offered for transportation the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this section.

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

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

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

(19) Reports of loss from fires, lightning, and leakage.

(A) Each pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.

(B) No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war, or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This section shall not apply if the loss occurs because of negligence of the pipeline.

(C) Common carrier pipelines shall mail (return receipt requested) or hand deliver to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the commission for that particular spill or leak within 30 days of filing the required reports with the commission. Registration with the commission by landowners and residents for the purpose of receiving spill or leak reports shall be required every five years, with renewal registration starting January 1, 1999. If a landowner or resident is not registered with the commission, the common carrier is not required to furnish such reports to the resident or landowner.

## RULES AND REGULATIONS

### ARTICLE 1. DEFINITIONS

"Affiliate" or "Affiliates" means with respect to each Party, any corporation, partnership or other entity or association that directly, or indirectly through one or more intermediaries, controls a Party, or is controlled by such Party or is under common control with such Party. As used herein, "control" (including "controlling," "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies of an entity, whether through the ownership of securities or partnership or other ownership interests, by written contract, indenture, note bond, loan, instrument, lease, commitment or otherwise.

"Annual Escalation" shall have the meaning set forth in Section 4.3 of these Rules and Regulations.

"API" means American Petroleum Institute.

"Applicable Law" means, with respect to any Governmental Authority, (i) any law, statute, regulation, code, ordinance, license, decision, order, writ, injunction, decision, directive, judgment, policy, decree and any judicial or administrative interpretations thereof, including any Environmental Law, (ii) any agreement, concession or arrangement with any other Governmental Authority and (iii) any license, permit or compliance requirement, in each case applicable to either Party or the use, occupancy, operation and maintenance of the Terminal, as such laws may be amended, modified, enacted or promulgated from time to time.

"ASTM" means American Society for Testing and Materials.

"Available Cavern Capacity" means the then current available volume of Crude Oil storage in any Crude Oil storage cavern at the Terminal that is from time to time dedicated by Converge to the storage of a particular grade or type of Crude Oil.

"Barrel" means forty-two (42) United States Gallons corrected to sixty degrees Fahrenheit (60°F).

"Business Day" means any day except Saturday, Sunday or Federal Reserve Bank holidays.

"Charges and Fees" means (i) the Inbound Transportation Fee, (ii) the Outbound Transportation Fee, and (iii) the Excess Throughput Fee, if applicable.

"Converge" means Converge Midstream LLC.

"Converge Parties" means Converge and its Affiliates, and its and their respective equity holders, officers, directors,

employees, representatives, agents, contractors, successors and permitted assigns.

"CPI" is defined in Section 4.3 of these Rules and Regulations.

"Crude Oil" means the direct liquid hydrocarbon production from oil or gas wells, or a blend of such, 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 of adaptability to refining as a whole crude oil or its acceptability to be commingled with other crude oil.

"Crude Oil Specifications" has the meaning set forth in Section 3.1 of these Rules and Regulations.

"Customer" means that customer seeking to transport Crude Oil pursuant to this tariff.

"Delivery Point" means, with respect to the delivery points identified in the Tariff Rate Sheet and any additional delivery points added by Converge pursuant to Section 2.2 of these Rules and Regulations, the outlet flange of Converge's custody meter located at the interconnection between the Terminal and the receiving pipeline.

"Environmental Law" means any and all applicable laws, policy, permit, judicial or administrative interpretation thereof, or any legally binding requirement that governs or purports to govern the protection of persons, natural resources or the environment (including the protection of ambient air, surface water, ground water, land surface or subsurface strata, endangered species or wetlands), occupational health and safety, and the manufacture, processing, distribution, use, generation, handling, treatment, storage, disposal, transportation, release or management of solid waste, industrial waste or hazardous substances or materials.

"Excess Throughput Fee" has the meaning set forth in the Tariff Rate Sheet.

"Governmental Authority" means any national, regional, state, local or municipal government, political subdivision, court, tribunal, authority, agency, commission, official or other instrumentality having jurisdiction over the applicable Person or subject matter.

"Inbound Transportation Fee" has the meaning set forth in the Tariff Rate Sheet.

"IP Test Method" or "IP" means the applicable petroleum testing method and standard established by the Energy Institute (successor to the Institute of Petroleum) from time to time.

"Liability" or "Liabilities" means any claims, actions, judgments, liabilities, losses, costs, damages, fines, penalties and expenses of any kind related to or that arise out of the activities subject to this tariff (including reasonable attorneys' fees, expert fees and court costs).

"Month" means the period beginning at the first (1st) Operating Day of the calendar month and ending at the same hour on the first Operating Day of the next succeeding calendar month.

"Moody's" means Moody's Investors Service, Inc.

"Operating Day" means a period of twenty-four (24) consecutive hours, beginning and ending at 7:00 a.m. Central Standard Time. The reference date for any Operating Day shall be the calendar date upon which the twenty (24) hour period shall begin.

"Outbound Transportation Fee" has the meaning set forth in the Tariff Rate Sheet.

"Party" means Converge or Customer individually and "Parties" means Converge and Customer collectively.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, estate, unincorporated organization or governmental body.

"Pipeline Loss Allowance" means the pipeline loss allowance set forth in the Tariff Rate Sheet.

"Pipeline Nomination" has the meaning set forth in Section 2.3 of these Rules and Regulations.

"Receipt Points" means, with respect to the receipt points identified in the Tariff Rate Sheet and any additional receipt points added by Converge pursuant to Section 2.2 of these Rules and Regulations, the Terminal inlet flange located at the point of interconnection between the Terminal and the delivering pipeline.

"S&P" means Standard & Poor's, a division of The McGraw Hill Companies, Inc.

"SDS" means a material safety data sheet.

## **ARTICLE 2. RECEIPT AND DELIVERY OF CRUDE OIL; NOMINATIONS**

2.1 Receipt and Delivery of Crude Oil. Converge shall make its Terminal facilities available to receive quantities of Crude Oil from Customer at the Receipt Points and available to redeliver to Customer at the Delivery Points the same quantities of Crude Oil, subject to the Pipeline Loss Allowance and other deductions as expressly provided for in this tariff, and Customer shall accept and receive such quantities of Crude Oil from Converge at the Delivery Points. Customer acknowledges that Converge has no fixed delivery cycle and that Converge's ability to receive Crude Oil into the Terminal or to deliver Crude Oil from the

Terminal is dependent upon Available Cavern Capacity and the available capacity and operating requirements of its Terminal facilities and the capabilities and operating conditions and procedures of the third party pipelines that are interconnected with the Terminal facilities at the Receipt and Delivery Points. Upon request, Converge will provide assistance to Customers in coordinating schedules and scheduling deliveries to such interconnecting pipelines. However, the ultimate responsibility for arranging delivery of Crude Oil into and from the Terminal rests with Customer. Customer shall be responsible for all transportation and related costs associated with the transportation and delivery of Crude Oil to a Receipt Point and from a Delivery Point.

2.2 Receipt Points and Delivery Points. The general location of the Receipt Points and Delivery Points as of the Effective Date are set forth in the Tariff Rate Sheet; provided, however, that the precise location of the Receipt Points and Delivery Points shall be the point of interconnection between the Terminal facilities and the facilities of the applicable interconnecting pipeline as set forth in the interconnection agreement between Converge and such interconnecting pipeline. Converge may from time to time add Receipt Points or Delivery Points to this Tariff.

2.3 Pipeline Nominations. For all deliveries of Crude Oil by Customer to a Receipt Point or by Converge to a Delivery Point, Customer shall be responsible for making pipeline nominations ("Pipeline Nominations") in accordance with the Pipeline Nomination provisions of Exhibit A. Converge may from time to time modify the Pipeline Nomination provisions of Exhibit A by written notice to Customer to ensure that the same remain consistent with the nomination and scheduling procedures of the third party pipelines that interconnect with the Terminal.

2.4 Offsetting Receipts and Deliveries. When both receipts and deliveries of substantially the same grade or type of Crude Oil are scheduled at the same or substantially same Delivery Point and Receipt Point, Converge reserves the right to offset like volumes of such common grade or type of Crude Oil in order to avoid the unnecessary use of energy that would be required to physically pump the offsetting volumes. The Pipeline Loss Allowance, Inbound Transportation Fee and Outbound Transportation Fee will still apply to such offset volumes as if the same had been received into the Terminal or delivered from the Terminal, as applicable.

2.5 Pipeline Loss Allowance. Converge and Customer agree that Customer shall be deemed to have transferred to Converge and that Converge shall be entitled to retain during each Month a volume of Crude Oil that is equal to the sum of (i) the product of the Pipeline Loss Allowance and the volume of Crude Oil delivered to the Terminal by Customer during such Month and (ii) the product of the Pipeline Loss Allowance and the volume of Crude Oil received by the Customer from the Terminal during such Month.

## **ARTICLE 3. CRUDE OIL SPECIFICATIONS**

3.1 Crude Oil Specifications. Converge will from time to time determine which grades of Crude Oil it will regularly

transport between particular origins and destinations on its pipelines. Converge will inform all interested persons of such determination upon request by them and this will constitute the sole holding out of Converge in regard to the grade of Crude Oil transported. A shipper may request a different grade to be shipped than those grades determined by Converge. Converge shall determine what additional storage or pumping infrastructure, if any, will be required to be supplied by shipper to accommodate the shipment of that different grade. Changes or supplements to Crude Oil Specifications may be made by Converge as determined by Converge in its sole but reasonable discretion, including, without limitation, changes due to changes in the Crude Oil specifications of the interconnecting pipelines, changes due to limitations of the Terminal facilities or limitations of applicable permits or licenses issued by Governmental Authorities with respect to the Terminal. Prior to Converge accepting or receiving any new grades of Crude Oil into the Terminal, Customer will submit to Converge a detailed assay of the new Crude Oil grade for Converge's review. Converge reserves the right to monitor incoming Crude Oil for contaminants and compliance with applicable Crude Oil Specifications but is not obligated to do so. Converge shall not be liable to Customer for changes in the quality of the grade of Crude Oil received from Customer that are due to causes not within Converge's reasonable control including changes as a result of commingling the same in a Segregated Cavern with Crude Oil of other customers that is received from an interconnecting pipeline that is purported to be of like quality and grade based on such pipeline's published tariff or written specifications.

3.2 Permitted Crude Oil. All Crude Oil delivered to the Terminal by Customer shall meet the applicable Crude Oil Specifications for such Crude Oil.

3.3 SDS and Certificate of Analysis. Prior to delivery of any Crude Oil into the Terminal, Customer will provide Converge, via facsimile (fax) or email, with an SDS and a certificate of analysis as to quality for the type of Crude Oil to be delivered by Customer to the Terminal. Prior to delivery of any of Customer's Crude Oil from the Terminal, Customer will provide the receiving pipeline with an SDS and a certificate of analysis as to quality for the type of Crude Oil of Customer to be delivered from the Terminal to such pipeline. Converge shall have no responsibility for the issuance of any SDS with respect to Customer's Crude Oil. Each SDS and certificate of analysis to be provided by Customer as set forth in this Section 3.3 shall be dated not more than one year prior to the date the same is delivered and shall meet any other SDS requirements established from time to time by the interconnecting pipelines.

3.4 Failure to Conform to Specifications. If Converge, acting reasonably, in its sole discretion, determines that Crude Oil delivered or attempted to be delivered to the Terminal does not comply with the then applicable Crude Oil Specifications established by Converge, Converge may reject and suspend receipts of such Crude Oil, or if Converge has received into any part of its Terminal such Crude Oil, then upon notice from Converge, Customer shall, at its sole cost and expense, immediately remove its Crude Oil from the Terminal as and when directed by Converge.

## ARTICLE 4. MEASUREMENT

4.1 Quantity Received or Delivered. With respect to the measurement of Customer's Crude Oil received into the Terminal at a Receipt Point or delivered from the Terminal to a Delivery Point, Customer and Converge shall rely on Converge's custody transfer meter unless otherwise mutually agreed in which case the custody transfer meter of the applicable interconnecting pipeline shall be used. Custody transfer measurements shall be conducted in accordance with the currently applicable API/ASTM or IP Test Method standards. Customer has the option, at its own expense, of using an independent inspector to witness all measurements. These measurements shall be used in preparing the invoices for the Inbound Transportation Fee, Outbound Transportation Fee and any Excess Storage Fee or Excess Throughput Fee due from Customer to Converge.

4.2 Adjustments. It is Converge's intent, when possible, (for every batch inbound or outbound) to provide industry-standard custody transfer quantity measurement using Converge's own custody transfer quantity measurement system. The measurement by Converge's custody transfer meter will at times serve as the primary measurement of custody transfer quantity, except in the event Converge's custody transfer meter fails to comply with API/ASTM or IP Test Method standards or fails to record an accurate measurement or when an interconnecting third party's custody transfer quantity measurement system is mutually agreed to be the primary custody transfer measurement for a specific batch. Whenever it is found that there is a discrepancy of more than one-half of one percent (0.50%) between the custody transfer meter of the applicable connecting carrier and Converge's check meters or between Converge's custody transfer meter and the meter of the receiving pipeline, or if it is otherwise found that there is a meter malfunction in the measurement of Crude Oil delivered to or from the Terminal, Converge, working with the connecting third-party pipeline, shall endeavor to pursue the most accurate information available via a thorough investigation with results to be reported back to Customer. Converge and Customer shall then negotiate in good faith an appropriate adjustment on the basis of the most reliable and accurate information available. The Parties shall endeavor to work with any connecting carrier(s) delivering Crude Oil into the Terminal or receiving Crude Oil from the Terminal in conducting any meter proving on such carrier(s) custody transfer meter. Each Party reserves the right to have a nominated company representative witness any meter proving. All costs associated with witnessing meter proving requested by Customer shall be for Customer's account.

4.3 Annual Escalation of Charges and Fees. The Charges and Fees shall increase January 1, 2018 and on each January 1st thereafter, by any percentage increase in the final Consumer Price Index for Finished Goods, not seasonally adjusted (the "CPI") (as reported by the United States Department of Labor, Bureau of Labor Statistics) for January 1st or the immediately preceding January 1st, as applicable. On each January 1st, the CPI for the month of such year shall be divided by the CPI for the month of January 2017, in the case of the first such increase



calculation, or the CPI for January of the preceding year, in the case of all subsequent increase calculations. The resultant ratio, if greater than 1, shall be multiplied by the Charges and Fees then in effect to calculate new Charges and Fees to be effective as of January 1 of the applicable year. For avoidance of doubt, in no event shall the Charges and Fees ever decrease as a consequence of changes in the CPI. The annual increase to the Charges and Fees as set forth in this Section 4.3 is referred to herein as the "Annual Escalation."

#### **ARTICLE 5. TITLE TO CRUDE OIL**

5.1 Title. Customer shall at all times have and retain title to any Crude Oil delivered by or on behalf of Customer to Converge hereunder and Converge will not be liable as an insurer of Crude Oil. Customer represents and warrants to Converge that Customer owns all Crude Oil delivered hereunder and that Customer has the right to deliver same hereunder and that such Crude Oil is free from liens, encumbrances and adverse claims of every kind, excepting

only the security interest granted to Converge under this tariff and any warehouseman's or other statutory liens in favor of Converge arising under Applicable Law. CUSTOMER HEREBY AGREES TO INDEMNIFY, DEFEND, RELEASE AND HOLD HARMLESS CONVERGE AND THE CONVERGE PARTIES FROM AND AGAINST ANY AND ALL LIABILITIES ARISING OUT OF OR RELATED TO ANY BREACH OF THE FOREGOING REPRESENTATION AND WARRANTY.

5.2 Custody. Converge shall have custody of the Crude Oil delivered to Converge hereunder from the time it passes the flange connection between the delivery mode's flange and Converge's receiving flange at the Receipt Points and shall maintain custody until it passes the flange connection between Converge's delivery line and the receiving mode's connection at the Delivery Points. As between Converge and Customer, Customer shall be deemed to have custody of the Crude Oil at all other times.

**EXHIBIT A**  
**NOMINATION PROCEDURES**

Subject to and without limiting the general provisions of Article 3 of the Rules and Regulations, the following nomination and scheduling procedures shall apply:

1. Nomination and Scheduling Procedures.

A. Pipeline Nomination Procedures. Not later than the fifteenth (15th) Operating Day of each Month, Customer shall nominate the total Monthly Crude Oil volumes by grade and by Receipt Point to be delivered to the Terminal by giving notice to Converge. A Monthly nomination shall be effective on the first Operating Day of the Month following Converge's timely receipt of Customer's notice of its nomination. Customer shall provide such information as may be required by Converge to schedule each shipment. Converge may, at its sole discretion, refuse to accept Crude Oil from Customer into the Terminal until Customer has provided Converge with such information. Customer may submit nominations after the fifteenth (15th) Operating Day of the Month, but acceptance of same shall be at Converge's sole discretion for the following Month's activity. Nomination notices shall include: (i) the desired period or month during which receipts or deliveries will be made; (ii) receiving and/or delivering pipelines, as applicable; (iii) grade and quantity of Crude Oil to be received or delivered during the applicable period or month, as applicable; and (iv) Customer contact and phone number.

B. Right to Reject Nominations. Converge shall have the right to reject any Pipeline Nominations with respect to Crude Oil, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and require satisfactory evidence of Customer's perfect and unencumbered title or satisfactory indemnity bond to protect Converge. Converge shall also have the right to reject any Pipeline Nominations for Crude Oil deliveries into the Terminal in the event Customer does not have sufficient Available Contract Capacity for such Pipeline Nomination or sufficient Available Cavern Capacity for the grade and quantity of Crude Oil set forth therein.

C. Scheduling. The scheduling of receipts and deliveries of Crude Oil for Customer's account into and out of the Terminal shall be in accordance with the scheduling rules and procedures adopted by connecting common carrier pipelines. Unless attributable to a failure by Converge to use commercially reasonable efforts to accept deliveries or make deliveries in accordance with the schedules established by connecting common carrier or other private pipelines, Converge shall not be liable for any loss, cost or liability suffered by Customer as a result of delays in receiving or making deliveries.

D. Operating Procedures. Operating Procedures. All Pipeline Nominations and associated scheduling are subject to Terminal operating procedures as provided by Converge from time to time. Converge may reject any nominations (i) that would cause the Terminal to be non-compliant with Applicable Laws or with Converge's interconnection agreements with interconnecting pipelines or (ii) that are not within the physical or safety limitations of the Terminal.

2. Minimum Quantity. Unless otherwise approved by Converge in its sole discretion, Pipeline Nominations for Crude Oil receipts from Customer and for Crude Oil deliveries to Customer shall be in quantities of not less than sixty thousand (60,000) Barrels each for each single delivery or the minimum batch size of the interconnecting pipeline being nominated to or from, whichever is greater. The term "single delivery" as used herein means a delivery of Crude Oil of like type or grade in one continuous batch. All Crude Oil volumes shall also be subject to limitations of the connecting carrier(s).

3. Available Contract Capacity Required. Converge's obligation to accept Crude Oil at any Receipt Point is subject to Customer having sufficient Available Contract Capacity at the Terminal, and, notwithstanding anything herein to the contrary, Converge has no obligation to accept Pipeline Nominations of Customer's Crude Oil in excess of Customer's Available Contract Capacity.

4. Available Cavern Capacity Required. Converge's obligation to accept Crude Oil at any Receipt Point is subject to Converge having sufficient Available Cavern Capacity in the applicable Segregated Cavern or Segregated Caverns at the Terminal for the quantity and grade of Crude Oil identified in such Pipeline Nomination.

5. Quantity Adjustments. Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Converge will deduct the full amount of sediment, water and other impurities as industry accepted tests may show. After consideration of all of the factors set forth in this Section 5 of Exhibit A and deduction of the Pipeline Loss Allowance, a net balance will be determined as the quantity deliverable by Converge. Converge shall attempt to deliver to Customer such net balance quantity of Crude Oil due as is operationally feasible. If the actual aggregate volume of Crude Oil re-delivered to Customer by Converge at the expiration or termination of this

Agreement is greater than or less than such aggregate net balance quantities due to Customer, then the provisions of Section 3.11(a) of the General Terms and Conditions shall apply to effectuate a reconciliation of such discrepancy.

6. Apportionment of Terminal Capacity. In the event that Pipeline Nominations from all of Converge's customers exceed the then-available capacity of the Terminal's Crude Oil transportation and handling facilities, then such capacity as is then-available shall be apportioned among all customers in a commercially and operationally reasonable manner as determined by Converge in light of the then existing operational circumstances.