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Railroad Commission of Texas

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ExxonMobil Pipeline Company L.L.C.
In Connection With
Williams Oil Gathering L.L.C.

**PROPORTIONAL TARIFF
APPLYING ON
CRUDE PETROLEUM**

**FROM
POINTS OFFSHORE & TEXAS**

**TO
POINTS IN TEXAS**

The rates named in this tariff are for the transportation of crude petroleum by pipeline and are applicable only on shipments to destination named herein, for subsequent transportation beyond by pipeline, subject to the rules and regulations published herein.

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SECTION I
RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS
RULE 3.71. PIPELINE TARIFFS.

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 two percent (2%) of basic sediment, water, or other impurities above a point six (6) 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 three thousand (3,000) barrels of petroleum in any one (1) 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 ninety degrees Fahrenheit (90° F), 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 rules, a "barrel" of crude petroleum is declared to be forty-two (42) gallons of 231 cubic inches per gallon at sixty degrees Fahrenheit (60° F).
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 incidental 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 (5) days from the date of order of delivery at destination.
6. **IDENTITY OF OIL, MAINTENANCE OF:** A pipeline may deliver to Consignee, either the identical oil received for transportation, subject to such consequence 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 (1) 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 five hundred (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. **GAUGING, TESTING, AND DEDUCTIONS:** All crude oil tendered to a pipeline for transportation shall be measured 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 determined in accordance with applicable A.P.I. Manual of Petroleum Measurement Standards. A pipeline may deduct sediment, water, and other impurities as shown by the centrifugal method, Karl Fischer method or other test agreed upon; and 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.

The gauging and testing of oil by the pipeline representative is directed toward and intended to require tank gauge measurement, or other type measuring device when authorized by the Commission, of produced crude prior to the transfer of custody to the initial transporter from a producing property. A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters. (See exceptions to this rule in Item No. 10, Section II hereof.)

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 twenty-four (24) hours' notice to the Consignee, may offer oil for delivery from its common stock at the point of destination, conformable to Section 6 of this rule, at a rate not exceeding ten thousand (10,000) barrels per day of twenty-four (24) hours. Computation of time of storage (as provided for in Section 5 of this rule) shall begin at the expiration of such notice. At the expiration of the time allowed in Section 5 of this rule 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 ten (10) days of one-tenth of one cent per barrel; and thereafter at a rate of three-fourths of one cent per barrel, for each day of twenty-four (24) hours or fractional part thereof.

* This deviates from Rule 3.71.9 of the Texas Administrative Code in that a deduction will be made for actual loss due to evaporation and loss during transportation.

- 11. PAYMENT OF TRANSPORTATION AND OTHER CHARGES*:** The Shipper or Consignee shall pay, as provided below, all applicable gathering, transportation, and all other charges accruing on Crude Petroleum handled by Carrier.

All payments are due within 10 days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due shall bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of (1) 125% of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (2) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.

In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Crude Petroleum in Carrier's possession or prior to Carrier's acceptance of Shipper's Crude Petroleum: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Carrier. In the event, Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

Carrier shall have a lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all gathering, transportation, or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Crude Petroleum in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been paid as provided above.

If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Crude Petroleum of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied to the following order: (A) To the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (B) To the satisfaction of the Shipper's indebtedness including interest herein provided from the date of payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto.

- 12. NOTICE OF CLAIMS:** Notice of claims for loss, damage or delay in connection with the shipment of oil must be made in writing to the pipeline within ninety-one (91) days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within ninety-one (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 message incident to shipments. However, a pipeline shall not be held liable for failure to delivery 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 Rule.
- 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.

* This deviates from Rule 3.71.11 of the Texas Administrative Code.

- 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. FIRES, LIGHTNING AND LEAKAGE, REPORTS OF LOSS FROM:**
- A. Each pipeline shall immediately notify the Commission, by telegraph, telephone, or letter 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 (5) barrels escapes. Each pipeline shall report in writing to the Commission, by the fifteenth (15th) day of each Calendar Month, the estimated amount of loss of oil by fire or leakage from its tanks and pipelines for the preceding month; but not including leakage or evaporation ordinarily incident to transportation.
 - 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 rule shall not apply if the loss occurs because of negligence of the pipeline.
- 20. PRINTING AND POSTING:** Each pipeline shall have Sections 1 through 19 of this rule 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.

SECTION II SUPPLEMENTAL RULES AND REGULATIONS

1. DEFINITIONS:

"Crude Petroleum" as used herein, means the direct product of oil wells, indirect petroleum products resulting either from distillate recovery equipment in gas and distillate fields, or a mixture of the direct product and indirect petroleum products.

"Barrel," as used herein, means 42 United States gallons of Crude Petroleum at a temperature of 60 degrees Fahrenheit.

"Carrier," as used herein, means ExxonMobil Pipeline Company LLC.

"Connecting Pipeline," as used herein, means a pipeline constructed and operated by a party or parties other than Carrier from which Crude Petroleum is received into Carrier's pipeline on the basis of measurements made at the point where it enters said Connecting Pipeline rather than at the point where it enters Carrier's pipeline.

"Monthly Accounting Period," as used herein, means calendar month beginning at 7:00 a.m. on the first day of a month and ending at 7:00 a.m. on the first day of the succeeding month.

"A.P.I.," as used herein, means the American Petroleum Institute.

- 2. SPECIFICATIONS AS TO QUALITY AND LEGALITY OF SHIPMENT:** Carrier reserves the right to reject any and all of the following shipments:
- A. Crude Petroleum whose gravity, viscosity, and/or other characteristics are such that it is not readily susceptible to transportation through the Carrier's existing facilities and it may damage the quality of other shipments or cause disadvantage to other shippers and/or the Carrier.
 - B. Crude Petroleum containing water, sediment and other impurities totaling in excess of one per cent as determined by centrifugal test, or by such other tests as may be agreed upon by the Shipper and Carrier.
 - C. Crude Petroleum where the Shipper or Consignee has failed to comply with all applicable laws, rules, and regulations made by any governmental authorities regarding shipment of Crude Petroleum.

D. If Carrier determines that a Shipper has delivered to Carrier's facilities 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 Carrier, such Shipper will be excluded from further entry into applicable segments of the pipeline system until such time as the quality of the Crude Petroleum is to the satisfaction of the Carrier. Carrier is not responsible for monitoring receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its pipeline system. Disposal thereof may be made in any 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 Carrier's system. Shipper liability includes, but is not limited to, claims from other shippers, carriers, or users of the contaminated Crude Petroleum and the costs of any regulatory or judicial proceeding.

3. **RECEIPT, DELIVERY, AND IDENTITY OF SHIPMENTS:** Crude Petroleum offered for transportation will be received into the pipelines of Carrier only on the condition that:
 - A. It shall be subject to such changes in gravity or quality as may result from the mixture of said Crude Petroleum with Crude Petroleum in the tanks or lines of Carrier or Connecting Pipeline, and
 - B. Carrier shall be under no obligation to deliver the identical Crude Petroleum received, and reserves the right to make delivery out of its common stock.
4. **APPORTIONMENT WHEN CURRENT OFFERING ARE IN EXCESS OF FACILITIES:** When pursuant to nominations hereunder, there shall be offered to Carrier more Crude Petroleum than can be immediately gathered and/or transported, the gathering and/or transportation shall be apportioned among all Shippers in such quantities and at such times to the limit of capacity so as to avoid discrimination among Shippers. Carrier will not recognize for apportionment purposes any nomination by a Shipper which exceeds Carrier's pipeline capacity. When such apportionment becomes necessary, it shall be done in accordance with ExxonMobil Pipeline Company LLC's "Lower 48 States Systems Proration Procedures," dated August 4, 1999 supplements thereto or reissues thereof, which is available upon request.
5. **APPLICATION OF RATES:** Crude Petroleum accepted for transportation shall be subject to the rates and other charges in effect on the date of receipt by Carrier.
6. **LIABILITY OF CARRIER:** Carrier in possession of Crude Petroleum herein described, shall not be liable for any loss thereof; damage thereto; or delay caused by fire, storm, flood, epidemics, Act of God, riots, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war or default of Shipper or Owner. In case of loss of any Crude Petroleum from any such causes, after it has been received for gathering and/or transportation and before the same has been delivered to Consignee, Shipper shall stand a loss in such proportion as the amount of his shipment, already delivered to Carrier, bears to all of the Crude Petroleum then in the custody of Carrier, for shipment via the lines or other facilities in which the loss or damage occurs, and the Shipper shall be entitled to have delivered only such portion of his shipment as may remain after deduction of his due proportion of such loss, but in such event Shipper shall be required to pay charges only upon the quantity delivered.
7. **CRUDE PETROLEUM INVOLVED IN LITIGATION:** Crude Petroleum which is in any way involved in litigation, or which is encumbered by a lien or charge of any kind, will not be accepted for shipment, unless and until the Shipper or Consignee shall furnish a bond or other form of indemnity satisfactory to Carrier, protecting it against any liability or loss arising as a result of such litigation, lien, or charge.
8. **MEASUREMENT AND TESTING:** Crude Petroleum offered to Carrier for gathering and/or transportation shall be measured and tested by a representative of Carrier prior to its receipt from Shipper. Shipper shall have the privilege of being present or represented at the measurement and testing. Quantities shall be measured accordance with applicable A.P.I. Manual of Petroleum Measurement Standards. All shipments of required specifications will be received and delivered as net standard volume, as the total volume excluding sediment, water, and impurities, corrected by the appropriate volume correction factor for the observed temperature and A.P.I. gravity, relative density, or density to a standard temperature of 60 degrees Fahrenheit and also corrected by the applicable pressure correction factor and meter factor. The centrifuge method, Karl Fischer method, or other methods agreed upon, shall be used for ascertaining the percentage of water, sediment and other impurities. Where measurement and testing of shipments to determine water, sediment and other impurities content is not performed, the Carrier shall determine the water, sediment and other impurities content of shipments based on the best available data.

9. EVIDENCE OF RECEIPTS AND DELIVERIES: Carrier shall account to each Shipper for Crude Petroleum received. Crude Petroleum received from the Shipper and Crude Petroleum delivered to the Consignee shall, in each instance, be evidenced by tickets, showing opening and closing tank gauges or meter readings, as applicable, temperature, basic sediment and water, and any other data essential to the determination of quantity. Such tickets shall be jointly signed by representatives of Carrier and the Shipper or Consignee, as appropriate, and shall constitute full receipt for (a) the Crude Petroleum received and (b) the Crude Petroleum delivered. Where meter tickets are not available or in Carrier's opinion are unreliable, Carrier shall use the best available data to determine the quantity of Crude Petroleum received and delivered.

10. DEDUCTIONS AND QUANTITIES DELIVERABLE:

A. All shipments of Crude Petroleum of 50 degrees API gravity or above shall be subject to a deduction to cover the shrinkage resulting from the mixture thereof, in the facilities of Carrier, with Crude Petroleum of API gravity of 49.9 degrees or less according to the following table:

<u>A.P.I. Gravity</u>	<u>% Deduction</u>
50 ^o through 59.9 ^o	1%
60 ^o through 74.9 ^o	2%
75 ^o through 84.9 ^o	3%
85 ^o through 94.9 ^o	4%
95 ^o through 104.9 ^o	5%
105 ^o through 120.9 ^o	6%

B. The quantity of Crude Petroleum deliverable shall be the net corrected volume (as set out in Item 10) less shrinkage, evaporation or any other losses in transit or due to leaks or pipeline breaks. All such shrinkage, evaporation and gains or losses shall be assigned by Carrier to Shippers on a just and reasonable basis.

11. ARRANGEMENTS REQUIRED FOR FURTHER TRANSPORTATION: The Carrier will accept Crude Petroleum for transportation only when the Shipper or Consignee has made the necessary arrangements for further shipment as required.

12. LINE FILL AND TANK BOTTOM INVENTORY: Either prior to or after the acceptance of Crude Petroleum for transportation, Carrier will, upon reasonable notice, require each Shipper to provide a pro rata part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for efficient operation or to safeguard Carrier's tankage during the passage of a tropical storm or hurricane. Crude Petroleum provided by a Shipper for this purpose may be withdrawn after reasonable written notice of Shipper's intention to discontinue shipment in the system pursuant to Carrier's applicable tariff or tariffs. Carrier may require advance payment of final transportation charges and settlement of any unpaid accounts receivable, before final delivery will be made.

In the event a Shipper's inventory balance drops below its pro rata part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of the system, then Carrier will require such Shipper to provide the necessary volume to meet its pro rata part of such volume of Crude Petroleum.

In the event that Shipper maintains an inventory balance after Shipper ceases movements on the system or Shipper gives written notice of its intent to cease movements over the system and such Shipper is unable to schedule appropriate shipments to clear the inactive inventory balance, Shipper will be required to settle the inactive inventory balance through Carrier. In the event no such Shipper notice is given, then Carrier may require either an adjustment in Shipper's inventory balance in accordance with the preceding Line Fill and Tank Bottom Inventory provision or settlement of the Shipper's inventory balance at any time after Shipper has ceased making movements over the system for a period of six months. Such settlement will be based upon the fair market value of the Crude Petroleum, as published by Platt's, Argus or another industry recognized publication, at the time Shipper informs Carrier in writing to its intention to discontinue shipments on the system pursuant to Carrier's applicable tariff or tariffs or if no such written notice is given, then at such time as Carrier calls for settlement of the Shipper's inventory balance. In the event the grade being settled is not assessed by Platt's, Argus or another industry publication, the assessment for the most similar grade will be used with an appropriate adjustment to determine the fair market value of the grade being settled.

13. NOMINATIONS:

A. Applications for the transportation of Crude Petroleum shall be submitted in writing on Carrier's prescribed nomination of shipment form.

- B. Any Shipper desiring to nominate Crude Petroleum for transportation shall make such nomination to Carrier in writing on or before the twenty-fifth day of the month preceding the month during which the transportation under the nomination is to begin; except that, if space is available for current movement, a Shipper may nominate Crude Petroleum for transportation after the twenty-fifth day of the month preceding the month during which the transportation under the nomination is to begin.

14. OFFSHORE PLATFORM FACILITIES AND OPERATING PROCEDURES.

- A. Carrier or its authorized representative shall have access to the platform from which shipments are received for the purpose of collecting samples and for examining and checking meters and other installations utilized in connection with the handling of Crude Petroleum injected into the pipeline.
- B. Shippers, upon reasonable request of Carrier, shall install, maintain and operate, or make arrangements with platform owners to install, maintain, and operate equipment to inject corrosion inhibitor into the pipeline. Carrier will supply inhibitor or reimburse party supplying the required inhibitor. The injection of such corrosion inhibitor and the type of inhibitor used shall be subject to the control of the Carrier.
- C. Shippers shall provide or arrange with platform operator to furnish, operate, and maintain such pumping equipment as is necessary to inject the Crude Petroleum nominated by them for shipment or will cause same to be done. Pumping equipment shall be controlled and operated so that the hourly rate at which Crude Petroleum is injected during each month shall not exceed 120% of the average hourly volume nominated and accepted for shipment during the current calendar month. If piston pumps are used, surge absorbers shall be installed, upon reasonable request by Carrier, to minimize pulsation. Carrier reserves the right, upon written notification to all Shippers to further limit the variation of Shipper's injection rates, if in Carrier's judgment, proration is imminent. Reasonable variations of injection rates for Shippers with newly discovered production, expended production, and unusual production difficulties will be allowed by Carrier.
- D. Physical and legal transfer of custody of Crude Petroleum to Carrier shall be at points where producer's or other delivering parties' lines are connected to Carrier's existing facilities, however, measurement of quantities received for the account of Shippers at such points shall be determined by measurement facilities installed on the production platforms where the Crude Petroleum is produced or to which it is moved for delivery into Carrier's existing facility.
- E. The Carrier shall have the right to require uniform measurement and sampling equipment/procedures at all installations so that custody transfer measurements are made on a uniform basis. Carrier reserves the right to require Shippers to install or cause platform owners to install in accordance with applicable API and ASTM (American Society for Testing Materials) standards metering and meter proving equipment capable of continuous custody measurement, and devices for continuous proportional-to-flow sampling of the Crude Petroleum.
- F. If Crude Petroleum to be nominated to Carrier is produced at some distance from the Carrier's facilities and Carrier does not elect to provide a connection directly to the production platform where it is produced, the Shipper desiring to nominate such Crude Petroleum to Carrier shall furnish, or cause to be furnished, free of cost to Carrier, the Connecting Pipeline required to deliver such Shipper's Crude Petroleum to the location designated by Carrier. If such location is on another producer's platform, all arrangements for installing the Connecting Pipeline or other required equipment or facilities on such platform shall be the sole responsibility of the Shipper.
- G. At Carrier's request, Shipper will allow, or cause the platform owner(s) to allow, Carrier to place, operate, repair and maintain riser piping, scraper traps, valves, surveillance equipment, and any other equipment deemed necessary by Carrier for the safe and efficient operation of the pipeline. In the event Carrier should decide to transmit meter readings or other data from the platform from which Shipper's Crude Petroleum is run, Shippers will allow, or cause the platform owner(s) to allow, reasonable access to and use of communication facilities which may be available at the platform.
- H. Where meter readings are available Carrier will prepare, as near as practicable to 7:00 a.m. on the first day of each month, a monthly pipeline run ticket for each Shipper showing opening and closing meter readings and water, sediment and other impurities percentage on the basis of which Crude Petroleum and water, sediment and other impurities volumes will be determined. If for any reason Carrier's representative fails to reach any receipt point on the first day of the month, Shipper's own representative, with prior authorization from Carrier, will obtain and make a record for Carrier's representative of the closing meter reading and will withdraw the sample material from the sampling equipment. The sample material thus withdrawn will be sealed in a special container and retained by Shipper's representative for Carrier's representative who will, during his next trip to that receipt point, determine the water, sediment and other impurities percentage of the sample material in the special container and prepare the monthly pipeline run ticket. Where no meter readings are available, Crude Petroleum including water, sediment and other impurities will be determined by Carrier from the best available data.

- I. It is recognized that from time to time producers inject acid into well formations containing Crude Petroleum in an attempt to stimulate production and fluids subsequently produced from such wells may contain unspent acid which must be neutralized to a pH of 4.5 or greater before the fluids (with which acid is produced) are delivered to Carrier. If such total fluids (Crude Petroleum plus unspent acid) is not so neutralized, the pipeline may have to be shut down which in turn will require all connected producers to shut in their wells. To assist Carrier to anticipate the need and to prepare for possible corrective actions which may be required to void or minimize operating difficulties caused by any unneutralized acid, Shippers shall furnish, or cause the producer from which Crude Petroleum is purchased to furnish to Carrier, the following information at least 24 hours in advance of start of production from any well which has been acidized:

- (1) Estimated time of first production from acidized well.
- (2) Estimated time that first production from acidized well, which has been neutralized to a pH equal to or greater than 4.5, will be injected into the System.
- (3) Estimated time that produced fluids from previously acidized wells, which has been neutralized to a pH equal to or greater than 4.5, will be free of neutralized acids.

Shippers shall assume full responsibility for and reimburse Carrier for all extra costs and expenses incurred by Carrier as the result of any unspent and/or unneutralized acids being present in the Crude Petroleum delivered to Carrier by Shipper. Shipper responsible will be billed for all such extra costs and expenses for shutting down, purging of such unspent acids, and subsequent resuming operation of Carrier's pipeline. Carrier shall not be liable to any Shipper for any damage sustained by Shipper(s) as the result of unspent and/or unneutralized acids being received from other Shipper(s).

- J. The present maximum operating pressure at all reception points is 2122 psig.

Shipper's injection pressure shall be maintained within this stated maximum limit and shall conform, as near as possible, to the hydraulic gradient. Carrier reserves the right to reduce the maximum operating pressure by written notice to all Shippers.

Circumstances may arise which in Carrier's judgment requires the pipeline be shut down. Following such shutdown periods, Shippers shall obtain authorization from Carrier prior to the resumption of injections.

- K. Shippers who do not operate the wells from which the Crude Petroleum nominated for shipment by them is produced or who do not operate the treating, measurement, or pumping equipment through which it is handled prior to its delivery to Carrier shall designate the party or parties responsible for the operation of such facilities and shall authorize and direct such party or parties to (1) comply with all provisions of this Tariff related to their operations and (2) furnish to Carrier such reasonably requested operational, technical, administrative, and analytical data as Carrier deems necessary to account for volumes being delivered to Carrier and assure safe, lawful, and efficient operations. If two or more Shippers have an undivided ownership interest in Crude Petroleum nominated for shipment, such Shippers must designate the same operating representative who shall be authorized and directed to perform such functions.

15. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS: For shipments accepted for transportation from any point not named which is intermediate to a point from which rates are published, through such unnamed point, the rate published herein from the next more distant point specified will apply from each unnamed point. For shipments accepted for transportation to any point not named which is intermediate to a point to which rates are published, through such unnamed point, the rate published to the next more distant point specified will apply. Continuous use of intermediate point rate application for more than 30 days requires establishment of a rate for the transportation service.

16. EXCESS WATER, SEDIMENT AND OTHER IMPURITIES: If during any monthly accounting period, one or more individual meter tickets covering Crude Petroleum delivered to Carrier by Shippers reflects water, sediment and other impurities content which exceeds 1%, Shipper shall reimburse Carrier for all direct and indirect costs, including benefits and payroll burden, overhead, handling and processing, and management compensation, associated with separation, disposal of, and other aspects of handling such excess water, sediment and other impurities delivered to Carrier. Where no meter tickets are available or meter tickets are in Carrier's opinion unreliable, water, sediment and other impurities in the system in excess of that reported on acceptable meter tickets will be allocated in a fair and equitable manner by Carrier. Notwithstanding the fact that Carrier is reimbursed for handling excess water, sediment and other impurities content in a Crude Petroleum stream, Carrier reserves the right to reject products other than Crude Petroleum which satisfies all quality standards, requirements and conditions set forth herein.

17. CHARGE FOR FUND COMPENSATION: In addition to all other charges accruing on Crude Petroleum accepted for gathering and/or transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local act, regulation or agency for the purpose of providing a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations. Such charge will be included in the appropriate tariff filed with the Commission.

TABLE 1: BASE RATES, EXXONMOBIL PIPELINE COMPANY L.L.C.**RATE IN CENTS PER BARREL OF 42 UNITED STATES GALLONS**

ORIGIN	DESTINATION	RATE
Block 25, Alaminos Canyon	Seaway Pipeline, Texas City Station, Galveston County, Texas	[U] <u>172.0</u> [+]
Block 25, Alaminos Canyon	Genesis Pipeline, Texas City Station, Galveston County, Texas	[U] <u>172.0</u> [+]
Bryan Mound, Brazoria County, Texas	Seaway Pipeline, Texas City Station, Galveston County, Texas	[I] <u>50.41</u> 46.84
Bryan Mound, Brazoria County, Texas	Genesis Pipeline, Texas City Station, Galveston County, Texas	[I] <u>50.41</u> 46.84
Block 25, Alaminos Canyon	Bryan Mound, Brazoria County, Texas	[U] <u>144.5</u> [+]

TABLE 2: JOINT RATES, JOINT WITH WILLIAMS OIL GATHERING L.L.C.**RATE IN CENTS PER BARREL OF 42 UNITED STATES GALLONS**

ORIGIN	DESTINATION	RATE
Block 602 or Block 643, East Breaks	Seaway Pipeline, Texas City Station, Galveston County, Texas	[U] <u>194.0</u> [+][++]
Block 602 or Block 643, East Breaks	Genesis Pipeline, Texas City Station, Galveston County, Texas	[U] <u>194.0</u> [+][++]
Block 602 or Block 643, East Breaks	Bryan Mound, Brazoria County, Texas	[U] <u>166.5</u> [+][++]

ROUTING FOR JOINT RATES IN TABLE 2 ABOVE

- Williams Oil Gathering L.L.C. from Block 602 or Block 643, East Breaks to Galveston Area Block A-244 Booster Station, then ExxonMobil Pipeline Company L.L.C. from Galveston Area Block A-244 Booster Station to Bryan Mound or Seaway Pipeline, Texas City Station or Genesis Pipeline, Texas City Station, Galveston County, Texas.

EXPLANATION OF REFERENCE MARKS AND ABBREVIATIONS

A.P.I. American Petroleum Institute
A.S.T.M American Society for Testing Materials

[U] Unchanged rate
[I] Increase

[+] Subject to the terms of quality bank policy as contained in TRRC.Tariff No. 38, supplements thereto and reissues thereof.

[++] Only from leases dedicated under contract to Carrier for life of reserves. Rate applicable to volumes gathered and measured at origin locations.