

CAPROCK PERMIAN CRUDE LLC

LOCAL PIPELINE TARIFF

CONTAINING RATES, RULES AND REGULATIONS

GOVERNING THE INTRASTATE TRANSPORTATION OF

CRUDE PETROLEUM

(As Defined in This Tariff)

BY CAPROCK PERMIAN CRUDE PIPELINE

Subject to the Regulations Set Forth Herein

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CAPROCK PERMIAN CRUDE LLC, hereinafter called “Carrier,” will receive Crude Petroleum as hereinafter defined for its STAMPEDE PIPELINE for transportation under the conditions set forth below and at the rates set forth below.

Section 1 Definitions

As used in this tariff, the following terms have the following meanings:

- (a) “Anchor Firm Shipper” has the meaning as provided in Section 2(a).
- (b) “API” means American Petroleum Institute
- (c) “Barrel” means forty-two (42) United States gallons, at a temperature of sixty (60) degrees Fahrenheit.
- (d) “Carrier” means the Stampede Pipeline system of Caprock Permian Crude LLC.
- (e) “Common Stream(s)” means Crude Petroleum moved through Carrier’s pipeline and associated facilities which is commingled or intermixed with other Crude Petroleum in said pipeline or facilities.
- (f) “Condensate” means liquid products of oil wells and gas wells resulting from condensation of petroleum hydrocarbons existing initially in gaseous phase in an underground reservoir that are recovered at the surface without resorting to processing.
- (g) “Consignee” means the party to whom a Shipper has ordered the delivery of Crude Petroleum, as appropriate.
- (h) “Crude Petroleum,” or “Petroleum” means the direct Crude Petroleum of oil wells or liquid Crude Petroleum of gas wells including condensate or a mixture of the direct Crude Petroleum of oil or gas wells and the indirect products resulting from the operation of oil and gas liquid recovery facilities or broken out during the normal production or processing of natural gas, and meeting the specifications referenced herein.
- (i) “Day” as used herein, means a period of twenty-four (24) hours, commencing at 9:00 a.m. on one calendar day (the date of which shall be taken as the date of the day in question) and extending until 9:00 a.m. on the following calendar day.
- (j) “Delivery” means the transfer from Carrier at destination to Shipper or Consignee.
- (k) “Delivery Point,” as used herein, means one of the locations defined in Section 6, “Rates, Charges and Fuel” for delivery of Petroleum by Carrier to Shipper.
- (l) “Firm Shipper” means an Anchor Firm Shipper or a Non-Anchor Firm Shipper as those terms are defined in Section 2(a).

- (m) “Firm Transportation” means shipments using the Firm Capacity rights of Firm Shippers.
- (n) “Interruptible Shipper” or “IT Shipper” has the meaning as provided in Section 2(c).
- (o) “Interruptible Transportation” or “IT” means shipments which do not use Firm Capacity rights and are subject to interruption if the Transportation Space is needed for the barrels shipped by a Firm Shipper using its Firm Capacity rights. Interruptible Transportation may also be interrupted or curtailed as provided herein.
- (p) “Month” means the period beginning at 9:00 a.m. Central Time on the first Day of each calendar Month and ending at 9:00 a.m. Central Time on the first Day of the next succeeding calendar Month.
- (q) “Nomination” means any offer by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from a specified Receipt Point or points to a specified delivery point or points in accordance with this tariff.
- (r) “Non-Anchor Firm Shipper” has the meaning as provided in Section 2(b)
- (s) “Receipt Point,” as used herein, means one of the locations defined in Section 6, “Rates, Charges and Fuel,” for introducing Petroleum into Carrier’s pipeline.
- (t) “Shipper” means a party which has entered into a Shipper Agreement with Carrier for the transportation of Crude Petroleum under the terms of this tariff.
- (u) “Shipper Agreement” means a contract for the transportation of Crude Petroleum between Carrier and an Anchor Firm Shipper, a Non-Firm Anchor Shipper, or an Interruptible Shipper, as applicable.
- (v) “Transportation Space” means delivery capacity available to Shippers as determined by Carrier, subject to changes in pipeline operations.
- (w) “Volume” means the quantity of Crude Petroleum that Shipper transports or commits to transport on Carrier’s system.

As the context may require, the plural form shall be construed to include the singular, and the singular form shall be construed to include the plural.

Section 2 Anchor Firm, Non-Anchor Firm and Interruptible Capacity

- (a) A Shipper may become an Anchor Firm Shipper and obtain Anchor Firm Capacity Rights if Shipper enters into a Shipper Agreement on or before the 27th day of April, 2017 with
 - (i) a term of at least 14 years, (ii) a dedication of at least nineteen thousand (19,000) gross acres of existing leasehold position in a location acceptable to Carrier, (iii) the dedication of all hereinafter-acquired future acreage (which was theretofore undedicated) within an area acceptable to Carrier, and (iv) the dedication of all associated Crude Petroleum

production (subject to de minimis exceptions acceptable to Carrier) from the dedicated leasehold position throughout the contract term of 14 years. Carrier will reserve Firm Capacity for an Anchor Firm Shipper dependent on and in Carrier's sole discretion based upon Anchor Firm Shipper's existing Crude Petroleum production, then-current drilling activity on dedicated acreage and projected drilling activity on dedicated acreage. Unless otherwise agreed between Carrier and Anchor Firm Shipper, Carrier will have the sole right to reduce Anchor Firm Shipper's Firm Capacity rights to actual Crude Petroleum production if the space reserved is not utilized within one year from first production of Anchor Firm Shipper's Crude Petroleum.

- (b) A Shipper may become a Non-Anchor Firm Shipper and obtain Non-Anchor Firm Capacity Rights if Shipper enters into a Shipper Agreement, at any time, with (i) a term of at least 10 years, (ii) dedication of at least ten thousand (10,000) gross acres of existing leasehold position in a location acceptable to Carrier, (iii) the dedication of all hereinafter-acquired future acreage (which was theretofore undedicated) within an area acceptable to Carrier, and (iv) the dedication of all associated Crude Petroleum production (subject to de minimis exceptions acceptable to Carrier) from the dedicated leasehold position throughout the contract term of 10 years. Carrier will reserve Firm Capacity for a Non-Anchor Firm Shipper dependent on and in Carrier's sole discretion based upon Firm Shipper's existing Crude Petroleum production, then current drilling activity on dedicated acreage and projected drilling activity on dedicated acreage. Unless otherwise agreed between Carrier and Non-Anchor Firm Shipper, Carrier will have the sole right to reduce Non-Anchor Firm Shipper's Firm Capacity rights to actual Crude Petroleum production if the space reserved is not utilized within one year from first production of Non-Anchor Firm Shipper's Crude Petroleum.
- (c) A Shipper that does not meet the requirements to be an Anchor Firm Shipper or a Non-Anchor Firm Shipper will be considered an Interruptible Shipper.

Section 3 Nominations and Scheduling

- (a) Crude Petroleum for shipment through lines of Carrier will be received only on properly executed Nominations from the Shipper showing the point at which the Crude Petroleum is to be received, point of delivery, Consignee and amount of Crude Petroleum to be transported.
- (b) Any Shipper desiring to Nominate Crude Petroleum for transportation shall make a Nomination to Carrier in writing on or before the Final Nomination Deadline. The Final Nomination Deadline is 5:00p.m. (Central Time) on the 25th day (excluding Carrier holidays) of the month preceding the month during which the transportation under the Nomination is to begin. Nominations or changes in nominations received after the Final Nomination Deadline will not be accepted from the Final Nomination Deadline date to the first day of the following month. After the first of the month, changes will be accepted only in writing and only if space is available and the additional or changed nominations do not impair the movement of Crude nominated prior to the Final Nomination Deadline.

- (c) Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier's system under these rules in volumes of not less than 500 bpd (barrels per day) aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any volume of Crude Petroleum if such volume can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than 500 bpd. Carrier will not be obligated to make any single delivery of less than 500 bpd, unless Carrier's operations dictate otherwise.
- (d) If a Shipper fails to deliver to Carrier a volume equal to its final confirmed Nomination, the Carrier will charge Shipper the applicable rate times the volumes nominated. If Carrier determines, in its sole discretion, that the Shipper's failure was due to factors beyond the Shipper's reasonable control or the Carrier is able to transport, at the same rate, any of the Volume lost from such Shipper through other means, such charge will be reduced accordingly.
- (e) Carrier, in its sole discretion, may permit Shipper to change destinations if requested by Shipper, in writing, before such shipment arrives at its original destination. Any such change will be subject to the rates, rules, and regulations applicable from the point of origin to the final destination.
- (f) Carrier, in its sole discretion, may permit transfers of Crude Petroleum in Carrier's custody from one Shipper (transferor) to another Shipper (transferee). An intrasystem transfer request, if recognized, shall be confirmed in writing by both the Transferor and the Transferee within seventy-two (72) hours after the request. Such request shall indicate the party to which the transfer is to be made, the amount of Crude Petroleum to be transferred, its location and grade, and a warranty statement of unencumbered title. Carrier will charge transferor five cents (\$.05) per Barrel for each Barrel transferred. Any party involved in an intrasystem transfer described in this provision is subject to all other provisions of this tariff.
- (g) In the event that Shipper fails to deliver to Carrier at the Receipt Point the equivalent volumes of Crude Petroleum which Carrier redelivers to Shipper at the destination point during a calendar month, then Shipper will pay Carrier an imbalance charge of one cent (1¢) per barrel per day for each day the imbalance continues. If Shipper delivers volumes to Carrier in excess of those volumes which Carrier redelivers to Shipper in any calendar month, then Shipper will pay an imbalance charge of one cent (1¢) per barrel per day for each day the imbalance continues. Carrier may waive such charges if Carrier, in its sole discretion, determines that the imbalance is immaterial. The waiver of such charges for any particular imbalance period is not to be construed as a waiver of such charges for any other imbalance and Carrier maintains the right to collect such charges from Shipper for any imbalance not the subject of a written waiver.

- (h) Any volumetric difference between receipts from Shipper and delivery to Shipper or Consignee during a current month as a result of scheduling will be adjusted in the following month without any further liability to Pipeline Operator, taking into consideration all prior deductions allowed pursuant to the rules and regulations contained herein.

Section 4 Interruption and Curtailment

- (a) Carrier may “Interrupt” or “Curtail”, meaning respectively to stop or reduce transportation service to Shippers for such periods of time as Carrier may reasonably require for the purpose of effecting or allowing any repairs, maintenance, replacement, upgrading or other work related to the facilities, or upstream/downstream facilities in circumstances which do not constitute Force Majeure.
- (b) A “Curtailment” or “Curtailment event” does not include Shipper’s default or an inability to receive Crude Petroleum by any entity not an Affiliate of Carrier downstream of the Delivery Point(s) for any reason.
- (c) If such Interruption or Curtailment is due to a planned outage, Carrier will give Shipper prior notice of such Interruption or Curtailment as soon as reasonably possible. If such Interruption or Curtailment is unforeseen, Carrier will give Shipper notice of such Interruption and Curtailment as soon as reasonably possible. Carrier will use reasonable commercial efforts to minimize the extent and duration of any Interruption or Curtailment and the impact of such Interruption or Curtailment on the operation of the Facilities.

Section 5 Priority and Proration

- (a) In the event all Shipper’s tenders at Receipt Points or Shipper’s withdrawal requirements at Delivery Points are greater than can be currently transported by Carrier, or in the event of a Curtailment, Carrier may restrict or suspend tenders or withdrawals in order to apportion deliveries among all Shippers on the following basis:
1. Anchor Firm Shippers have first priority and the Crude Petroleum of an Anchor Firm Shipper will be the last apportioned.
 2. Non-Anchor Firm Shippers will have second priority and the Crude Petroleum of a Non-Anchor Firm Shipper will have priority over Interruptible Shippers.
 3. If Transportation Space is available after all Firm Transportation volumes have been scheduled, then the remaining Transportation Space will be equitably apportioned among all Interruptible Shippers based on volumes nominated by those Shippers.

In the event of curtailment, Shipper’s oil will be interrupted on a pro-rata basis within each service level. For example, if Carrier is required to curtail volumes and (i) all of the Anchor Firm Shipper’s oil is moving and (ii) all of the Non-Anchor Firm Shippers oil is moving and (iii) capacity still exists on Carrier’s system, then all Interruptible Shipper’s

oil would be curtailed on a pro-rata basis. If, however, Carrier is required to curtail volumes and (i) all of the Anchor Firm Shipper's oil is moving but (ii) not all of the Non-Anchor Firm Shippers oil is moving, then all Interruptible Shipper's oil would be fully curtailed and the Non-Anchor Firm Shipper's oil would be curtailed on a pro-rata basis.

(b) Transportation Space allocated to Interruptible Shippers in each segment will be allocated among "Regular Shippers" and any "New Shippers" as follows:

1. The capacity of the line segment being prorated shall be divided by the total of all volumes nominated by Regular Shippers and New Shippers. The resultant fraction will be the "proration factor".
2. Each New Shipper shall be allocated space equal to its nominated volumes multiplied by the proration factor, except that in any month for which Carrier is allocating capacity on a System, the capacity allocated to a Regular Shipper shall not be reduced by more than 10 percent of the Regular Shipper's base period shipments.

The remaining capacity shall be allocated among Regular Shippers in proportion to their Base Period shipments. The "Base Period" is a period of 12 months beginning 13 months prior to the month of allocation and excluding the month preceding the month of allocation. A "Regular Shipper" is any Shipper having a record of movements in the line segment being prorated, during the Base Period. A "New Shipper" is a Shipper who is not a Regular Shipper. In no event will any portion of allocated capacity to a New Shipper be used in such a manner that it will increase the allocated capacity of another Shipper beyond the allocated capacity that Shipper is entitled to under the provisions stated in this Section 7(m). Carrier may require written assurances from responsible officials of Shippers regarding use of allocated capacity stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make its allocated capacity available to another Shipper, or in the event any Shipper shall receive and use any allocated capacity from a New Shipper, then, in the month following discovery of such violation, the allocated capacity of a New Shipper will be reduced to the extent of the excess capacity made available and the allocated capacity of a Shipper will be reduced to the extent of excess capacity used.

No Nominations shall be considered beyond the amount that the nominating party has readily accessible for shipment. If a Shipper is unable to tender Crude Petroleum equal to the space allocated to it, Carrier will reduce that Shipper's volumes for the succeeding month by the amount of allocated throughput not utilized during the preceding month if apportionment is necessary.

(c) Except as noted herein, prorated Transportation Space allocated to a Shipper may not be assigned, conveyed, loaded, transferred to or used in any manner by another Shipper. However, a Shipper's allocation may be transferred as an incident of the bona fide sale of the Shipper's business or to a successor to the Shipper's business by the operation of law.

Section 6 Petroleum Specifications

- (a) No Crude Petroleum will be accepted for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through the Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. In addition, Carrier reserves the right to reject (any and all of, but not limited to) the following shipments: (1) Crude Petroleum having a Reid Vapor Pressure in excess of nine (9) pounds per square inch absolute and/or an API gravity in excess of 78.9°; and (2) Crude Petroleum where the Shipper or Consignee has failed to comply with applicable laws, rules, and regulations made by government authorities regulating shipment of Crude Petroleum. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's facilities.
- (b) Quality specifications of a connecting carrier may be imposed upon Carrier when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.
- (c) Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum and if, in the opinion of Carrier, sufficient quantities are not nominated or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.
- (d) If, upon investigation, 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, such Shipper will be excluded from further entry into applicable segments of the System until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its System. Disposal thereof, if necessary, may be made in any reasonable commercial manner, 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.
- (e) Unless stated otherwise in written notice provided by Carrier to all subscribers to tariffs for the System affected, Carrier will not segregate Crude Petroleum of a kind and/or quality not currently transported through Carrier's facilities.
- (f) When a shipment of Crude Petroleum has been offered for transportation, Carrier shall have the right upon advanced notice to Shipper to go upon the premises where the Crude

Petroleum 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.

Section 7 Measurements and Adjustments

- (a) All shipments of Crude Petroleum and indirect liquid Crude Petroleum, 60° F, having an API Gravity of 45 degrees or above, shall be subject to a deduction to cover the shrinkage resulting from the mixture thereof, in the Carrier’s facilities. Such deduction shall be determined in accordance with the following table:

<u>API GRAVITY, Degrees</u>	<u>% DEDUCTION</u>
Less than 60.0	0.0%
60.0 through 74.9	5.0%
75.0 and above	10.0%

- (b) The Carrier shall deduct the basic sediment, water and other impurities, as shown by the centrifugal or other test agreed upon by the Shipper and the Carrier; and one percent (1.0%) for evaporation and loss during transportation. The net balance as corrected on the basis set out below will be the volume deliverable by Carrier to Shipper or Consignee and the transportation charges will be assessed in accordance therewith.
- (c) Crude Petroleum will be received and delivered on the basis of volume corrections using sixty degrees Fahrenheit (60°F) gravities, correction factors, and volume corrections for compressibility appearing in American Petroleum Institute (API) Manual of Petroleum Measurement Standards (latest edition) or other method agreed to by Shipper and Carrier.
- (d) Carrier will transport Crude Petroleum as a commingled, intermixed Common Stream and will from time to time determine which grades of Crude Petroleum it will regularly transport. Carrier will inform all interested persons of such determination upon request by them and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum transported. Carrier may from time to time transport other additional grades of Crude Petroleum and Carrier may from time to time, after giving reasonable notice to persons who may be affected, cease to transport particular grades of Crude Petroleum.

Section 8 Rates, Charges and Fuel

- (a) **Rates** – The rates published in this tariff are for Firm and Interruptible (“IT”) transportation within the State of Texas through Carrier’s Stampede Pipeline. Such transportation is subject to the rules and regulations contained herein and to all applicable rules, regulations, and orders of the Railroad Commission of Texas and other governmental authorities having jurisdiction.

Receipt Point / Lateral	Delivery Point	Rate Per Barrel	
Caprock 285, Reeves County	Plains – Z285 Station, Reeves County	IT Shipper	\$0.250
		Firm Shipper	\$0.200
Mustang, Reeves County	Caprock 285, Reeves County	IT Shipper	\$0.700
		Firm Shipper	\$0.575
Appaloosa, Reeves County	Caprock 285, Reeves County	IT Shipper	\$0.700
		Firm Shipper	\$0.575
Palomino, Reeves County	Caprock 285, Reeves County	IT Shipper	\$0.700

- (b) **Fee Adjustments** – The Rates will be adjusted each July 1 beginning July 1, 2017 in accordance with the FERC indexing methodology as described in 18 C.F.R. § 342.3, except that the rates shall never be lower than those published established in the Rate Schedule included in this tariff’s original filing.
- (c) **Fuel and Electricity** – Carrier’s cost of fuel and electricity used to operate Carrier’s facilities will be prorated to all Shippers based on the number of barrels transported by each Shipper during each month.
- (d) **Unloading Charge** – All shipments unloaded by tank truck into the mainline facilities of Carrier will be subject to a charge of 15 cents (15¢) per Barrel in addition to the pipeline transportation rates named herein. The Unloading Charge will escalate each year beginning each January 1st by the percentage change in the Consumer Price Index.
- (e) **Charge For Spill Compensation** – In addition to the Rate charges and all other charges accruing on Crude Petroleum accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier in connection with such a commodity, pursuant to any Federal, State or local act or regulation which levies a tax, fee, or other charge, on the receipt, delivery, transfer or transportation of such commodities within their jurisdiction for the purpose of creating a fund for the prevention, containment, cleanup and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom. If such taxes, fees or other charges are levied against Carrier pursuant to this Rule 36, Carrier shall file a tariff with the Commission.
- (f) **Intermediate Points** – Crude Petroleum received from a point on Carrier’s system that is not named in the applicable rate tariff, but that is intermediate to a point for which rates are published in the applicable rate tariff (“intermediate point”), will be charged the rate in effect for the next more distant point published in the applicable rate tariff.
- (g) **Imbalance Charges** – In the event that Shipper fails to deliver to Carrier at the Receipt Point the equivalent volumes of Crude Petroleum which Carrier redelivers to Shipper at the destination point during a calendar month, then Shipper will pay Carrier an imbalance charge of one cent (1¢) per barrel per day for each day the imbalance continues. If Shipper delivers volumes to Carrier in excess of those volumes which Carrier redelivers to Shipper in any calendar month, then Shipper will pay an imbalance charge of one cent

(1¢) per barrel per day for each day the imbalance continues. Carrier may waive such charges if Carrier, in its sole discretion, determines that the imbalance is immaterial. The waiver of such charges for any particular imbalance period is not to be construed as a waiver of such charges for any other imbalance and Carrier maintains the right to collect such charges from Shipper for any imbalance not the subject of a written waiver.

Section 9 General Terms and Conditions

- (a) **Testing** – Crude Petroleum accepted for transportation under this tariff shall be delivered to Receipt Point by Shipper and shall conform to the applicable Petroleum Specifications as described in Section 4. Shipper may be required to furnish Carrier with a certificate setting forth in detail specifications of each shipment offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Crude Petroleum in Carrier’s custody or to Carrier’s pipeline or other facilities caused by failure of the shipment tendered to meet the specifications stated in Shipper’s certificate. Carrier may, but shall not be required to, sample and/or test any shipment, prior to acceptance or during receipt of shipment and, in the event of variance between said certificate and Carrier’s test, Carrier’s test shall prevail. In the event that any test indicates that the Crude Petroleum offered for transportation does not conform to applicable specifications, Shipper agrees, either voluntary or upon notification by Carrier, to cease delivery of off-specification shipments to Carrier until such time as it is determined by Carrier that the Crude Petroleum conforms to the applicable specification.
- (b) **Measurement** – Unless specifically agreed to in writing by Carrier and at Carrier’s sole discretion and except as provided in Section 7(b), all Crude Petroleum tendered to a pipeline shall be gauged and tested by a representative of Carrier prior to its receipt by Carrier. The Shipper may be present or represented at the gauging or testing, but the measurement by Carrier is final regardless of whether Shipper or Consignee is present. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tank.

As an alternative to the method of measurement provided above in this section 7(b), Crude Petroleum and Condensate may be measured and tested by Shipper, before transfer of custody to Carrier, by 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., as amended.

Adjustments to the quantities determined by the methods described above in 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. Carrier may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the Shipper and Carrier; and 2.0% for evaporation and loss during transportation. The net balance shall be the quantity

deliverable by Carrier. In all owing 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 Shipper or shipper of Crude Petroleum.

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

If, following a calibration, any metering equipment is found to be inaccurate by one-half percent (0.5 %) or more, then the quantity previously delivered will be retroactively adjusted at the rate of such inaccuracy for any period of inaccuracy which is definitely known or agreed upon, but in case the period is not definitely known or agreed upon, then for a period deemed to be one-half (1/2) of the number of days from the last previous calibration until the correction, not exceeding, however, fifteen days.

If for any reason the custody transfer meters are out of service so that the quantity of material delivered through such meters cannot be ascertained, the quantity of material delivered during the period the meters are out of service will be estimated by Carrier based upon the best available data, using in order of preference the following methods:

1. By using the registration of any check measuring equipment of Carrier.
2. By using any measurement equipment which Carrier may have in the flowing stream.
3. By an independent third party chosen by Carrier and generally recognized in the industry as competent to perform such estimate.

- (c) **Commingled Shipments** – Carrier will use reasonable care to transport Crude Petroleum received to destination with a minimum of contamination and mixing, and will attempt to maintain the identity of each shipment. However, Carrier will not be required to deliver the identical Crude Petroleum received, but will use reasonable care to deliver from its Common Stream Crude Petroleum with specifications similar to those of the Crude Petroleum received. Carrier will not be liable for any damage or loss, including but not limited to consequential, incidental, direct or indirect damages or lost profits, caused by contamination, discoloration, deterioration, a change in the density, or other change in the quality of a Shipper's Crude Petroleum resulting from Carrier's transportation of such Crude Petroleum.
- (d) **Additives** – If Crude Petroleum is tendered that is materially different in character and/or quality from that usually produced in the field, Carrier, in its sole discretion, may reject such tender to prevent contamination of the Common Stream. Carrier may, in its discretion, require, approve, or reject Crude Petroleum containing, or the injection into Crude Petroleum of, corrosion inhibitors, viscosity or pour point depressants, drag reducing agent, or other such additives in Crude Petroleum to be transported.
- (e) **Custody Transfers** – Unless otherwise agreed to by Carrier and in Carrier's sole discretion, physical and legal transfer of custody of the Crude Petroleum to Carrier shall be at the point immediately downstream of Carrier's measuring and metering facilities.

Physical and legal transfer of custody to Shipper shall be at the point where Crude Petroleum is delivered from Carrier's facilities.

(f) **Facilities Furnished** – Carrier will provide such facilities at Receipt Points and at Delivery Points as it deems necessary for the operation of the pipeline or as agreed to with Shipper. Carrier will not provide tankage or storage facilities or receiving, loading, or unloading facilities at either the Receipt Points or the Delivery Points which it deems unnecessary. Shipments will be accepted for transportation hereunder only:

1. When Shipper has provided facilities satisfactory to Carrier capable of delivering shipments at Receipt Point at pressures and at pumping rates required by Carrier.
2. When Shipper is capable of receiving shipments at Delivery Point at pressures and at pumping rates required by Carrier.
3. Separate connection and dedication contracts in accordance with this tariff and these Rules and Regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise.

(g) **Interconnections for Receipts and Deliveries** – Carrier 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 Carrier's connection and delivery specifications.

Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks and/or metering facilities to be provided by Shipper at the point of receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation unless such facilities have been provided to meet industry standards.

The Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory written evidence is furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination.

Connections to Carrier's pipeline(s) will only be considered if made by formal written notification to Carrier and all requests will be subject to the following standards and conditions.

All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

(h) **Minimum and Maximum Quantity** – The quantity of a Petroleum which Carrier may be obligated to accept at Receipt Point shall be no less than 500 barrels delivered over a single day. Carrier may, at its sole election, accept a lesser quantity tender upon

Shipper's agreement to pay Carrier, for said day, charges equal to those which would have resulted from transportation of said 500 barrels at the local rates provided herein.

- (i) **Offset Volumes** – When both receipts from and deliveries to a connecting carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with cooperation of the connecting carrier, to offset like Volumes of such Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the deliveries for the Shipper involved from its Common Stream Crude Petroleum.
- (j) **Payment** – The charges for transportation of Crude Petroleum accepted for shipment shall be based on the applicable Rate set forth in Section 6 above.

On or before the twenty-fifth (25th) Day of each Month, Carrier shall deliver Shipper a statement or invoice for the Crude Petroleum delivered during the preceding Month that includes any Rates, Charges or related Fuels. If the actual quantity delivered is not available, the statement will be prepared based upon estimates. Carrier shall make appropriate adjustments to reflect the actual quantity delivered on the following Month's statement or as soon thereafter as actual delivery information is available.

Shipper or Carrier will pay by wire transfer, check or ACH transfer to the account or remittance address set forth herein or according to the instructions set forth in the applicable statement or invoice, the full amount payable according to such statement, on the later of: (a) the last Day (or the next business Day if the last day is on a weekend or bank holiday) of the month following the month of delivery of the Crude Petroleum, or (b) on or before ten (10) Days following receipt of such invoice by Shipper. Carrier may recover any overpayments or collect any amounts due from Shipper to Carrier for any reason at any time under this or other transactions by deducting them from any proceeds payable to Shipper or its affiliates.

Shipper will pay all severance, production, processing, excise or similar taxes imposed or levied by the state or any other governmental entity on the Crude Petroleum gathered or purchased hereunder, if any, and Shipper shall remit such tax to the applicable governmental entity. Shipper further agrees to reimburse Carrier upon invoice for the full amount of any taxes or charges levied, assessed or fixed by any municipal or governmental authority against Carrier or its business in connection with or attributable to the volumes, value or gross receipts from the movement of the Crude Petroleum received from Shipper hereunder or against such Crude Petroleum itself or the act, right or privilege of ownership, production, severance, handling, transmission, compression, treating, distribution, sale, delivery or redelivery of such Crude Petroleum, whether such tax or charge is based upon the volume, value or gross receipts from the gathering of such Crude Petroleum or upon some other basis.

The Shipper or Consignee shall pay the transportation and all other charges applicable to the shipment, and, if required, shall prepay or guarantee the same before acceptance by

the Carrier, or pay the same before Delivery. Carrier shall have a lien on all Crude Petroleum in its possession belonging to the Shipper to secure the payment of all unpaid charges due by such Shipper, and may withhold such Crude Petroleum from Delivery until all of such unpaid charges shall have been paid.

If Carrier's charges remain unpaid five (5) days after the time which may be fixed for delivery as provided for below or, in the absence of unpaid charges, when there shall be failure to take the Crude Petroleum at the destination point as provided in these rules and regulations, Carrier may, by an agent, sell said Crude Petroleum at public auction for cash on any day not a Sunday or legal holiday, and not less than forty-eight (48) hours after publication of notice, in a daily newspaper, of the time and place of such sale and the quantity of Crude Petroleum to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale Carrier may pay itself all transportation and any other lawful charges, expense of notice, advertisement, sale, and other necessary expense, and of caring for and maintaining the Crude Petroleum, and the net balance shall be held without interest for whomsoever may be lawfully entitled thereto. Carrier may charge Shipper interest of at the highest lawful interest rate allowed under the laws of Texas for overdue transportation charges.

The rate which shall apply to the transportation of Crude Petroleum and mixed shipments shall be the rate in effect on the date Crude Petroleum and mixed shipments is received by Carrier for transportation. Likewise, the rules and regulations which shall govern the transportation of Crude Petroleum and mixed shipments shall be the rules and regulations in effect on the date Crude Petroleum and mixed shipments are received by Carrier for transportation.

Carrier and Shipper, or its representative, has the right at all reasonable times to examine the books and records of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made hereunder. Any statement is final as to all parties unless questioned within two (2) years after payment thereof has been made.

- (k) **Clear Title** – Shipper shall notify Carrier when any Crude Petroleum tendered for transportation is involved in litigation or is the subject of disputed ownership or is encumbered by lien or charge of any kind. Carrier shall have the right to reject any shipment, when offered for transportation, which may be involved in litigation or the title of which may be in dispute or which may be encumbered by lien or charge of any kind, and Carrier may require of the Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all loss.

- (l) **Line Fill and Storage Fill** – Carrier will require each Shipper to supply a prorata share of Crude Petroleum necessary for pipeline fill and working stock for efficient operation of the Carrier's pipeline system and storage prior to Delivery. Based on the total line fill of segment(s) utilized by Shipper, Crude Petroleum provided by a Shipper for this purpose may be withdrawn from the system only after (1) shipments have ceased and if written notice to discontinue shipments in Carrier's system is received on or before the

twenty- fifth (25th) day of the month preceding the last calendar month in which the Shipper intends to ship and (2) such Shipper's Volume balances have been reconciled between Shipper and Carrier. Carrier may require that Shipper pay in advance any final transportation charges and settle any unpaid accounts receivable before Carrier will make final delivery.

- (m) **Storage** – Carrier will only provide such storage that is incidental and necessary to the transportation of Crude Petroleum. Carrier may in its discretion, temporarily provide in-transit storage of Crude Petroleum in Carrier's system. In addition to all other applicable charges, Shipper or Consignee requesting in-transit storage space shall pay a rate provided by Carrier. A separate storage agreement, covering further details of this provision will be required of the Shipper or Consignee. In the event Shipper or Consignee fails to reship or otherwise remove its Crude Petroleum from Carrier's tankage at the expiration of the storage period arranged with Carrier, then Carrier shall have the right, on 24 hour notice to Shipper or Consignee, to divert, reassign, or make whatever arrangements for disposition of the Crude Petroleum necessary to clear its facilities, including the right to sale. Tankage offered under this term is only that constructed for normal breakout tankage with Carrier's system which from time to time may be surplus to Carrier's operating needs or as provided by the Shipper Agreement between Carrier and Shipper. All Crude Petroleum that is stored in Carrier's system pursuant to this provision will remain in the custody and possession of Shipper or Consignee, as the case may be. Carrier will not be liable for any loss of or damage to such Crude Petroleum while stored in Carrier's system.
- (n) **Liability of Carrier** – Carrier shall not be liable for any delay in delivery or for any loss of Petroleum caused by an act of God, public enemy, quarantine, authority of law, order, rule or regulation of federal, state or local government, strikes, riots, fire, floods, accidents, damage to Carrier's facilities or by act of default of Shipper, or resulting from any other cause, whether similar or dissimilar to the causes herein enumerated. Any such loss shall be apportioned by Carrier to each shipment of Petroleum or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Petroleum in the loss, and each Shipper shall be entitled to receive only that portion of its shipment remaining after deducting its proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shippers showing the apportionment of any such loss.

The Carrier operates under this tariff solely as a provider of transportation services and not as an owner, manufacturer, or seller of Crude Petroleum transported hereunder, and the Carrier expressly disclaims any liability for any expressed or implied warranty for Crude Petroleum transported hereunder including any warranties of merchantability or fitness for intended use.

- (o) **Indemnity** – **FOR ALL SERVICES PROVIDED FOR AND RECEIVED UNDER THIS TARIFF, SHIPPER SHALL INDEMNIFY AND DEFEND CARRIER FROM ANY CLAIMS, LIABILITIES, OR LOSSES (INCLUDING COSTS OF DEFENSE AND REASONABLE ATTORNEY'S FEES), INCLUDING CLAIMS FOR**

PERSONAL INJURY, DEATH OR PROPERTY DAMAGE INVOLVING THE CARRIER, SHIPPER, CONSIGNEES, OR THIRD PARTIES BASED ON OR ARISING OUT OF CARRIER'S PERFORMANCE OF SUCH SERVICES. THIS INDEMNIFICATION SHALL INCLUDE CLAIMS OF ANY NATURE, LEGAL OR EQUITABLE, WHETHER BASED ON STRICT LIABILITY, NEGLIGENCE, BREACH OF WARRANTY, OR ANY OTHER CAUSES OF ACTION. THE INDEMNITY PROVIDED IN THIS TARIFF IS INTENDED TO BE APPLICABLE TO THE FULL EXTENT ALLOWED BY LAW AND IS LIMITED ONLY IN ACCORDANCE WITH STATUTORY OR COMMON LAW. TO THE EXTENT NOT PROHIBITED BY LAW, THIS INDEMNITY APPLIES TO ANY ACT OR OMISSION, WHETHER NEGLIGENT OR NOT, ARISING OUT OF OR RELATING TO THE PERFORMANCE OF SERVICE BY CARRIER PURSUANT TO THIS TARIFF, INCLUDING THE SOLE OR CONCURRENT NEGLIGENCE OR GROSS NEGLIGENCE OF CARRIER.

- (p) **Claims** – Notice of claims for loss, damage, or delay in connection with the shipment of Crude Petroleum must be made in writing to Carrier within 45 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 15 days after a reasonable time for delivery has elapsed.
- (q) **Financial Condition** – Shippers will provide Carrier with information that Carrier requests related to Shipper's creditworthiness or ability to perform any of its financial obligations that could arise under this tariff. Carrier may reject Crude Petroleum from any Shipper that does not comply with such request within 10 days of the Carrier's written request.

If Carrier reasonably determines that a Shipper lacks creditworthiness, financial capability or ability to perform any obligation under this tariff, including but not limited to any potential indemnification obligations that may arise under this tariff, Carrier may (a) refuse to accept Nominations from such Shipper, or (b) demand that Shipper provide an irrevocable letter of credit, a margin agreement, prepayment, a security interest in assets designated by the Carrier, a performance bond, a guaranty, or any other security reasonably requested by the Carrier.

If Shipper (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or has such petition filed or proceeding commenced against it; (ii) otherwise becomes bankrupt or insolvent; (iii) is unable to pay its debts as they become due; (iv) has a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (v) fails to perform any obligation to Carrier; or (vi) has not paid an amount due to Carrier under this tariff, then, in addition to any other rights or remedies provided under this tariff, Carrier may, with respect to such Shipper, immediately reject Nominations, withhold and/or suspend deliveries or payments, and/or terminate the transactions.

(r) **Cumulative Rights** – If Shipper fails to comply with any provision of this tariff, Carrier may, in addition to any other rights and remedies granted to it under this tariff, exercise any or all rights and remedies provided by law or equity. Carrier’s rights and remedies under this tariff are cumulative and may be exercised singly or concurrently. Shipper will pay all fees, costs and expenses, including, without limitation, attorneys’ fees, incurred by Carrier, in connection with the enforcement of any of its rights and remedies under this tariff.

(s) **Unpaid Charges, Lien For And Sale To Cover** – Carrier 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, Carrier 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, Carrier 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.

(t) **Delivery and Demurrage** – Shipper or Consignee will, upon 24 hours notice from Carrier, accept and remove its shipment of Crude Petroleum from Carrier’s system. If the shipment is not being removed after the expiration of such 24 hours notice, a demurrage charge equal to 5.0¢ per barrel per 24 hour period, will accrue, from the time said notice expires, on the portion of such shipment that has not been removed. Carrier will not be liable for any loss of or damage to such Crude Petroleum that has not been removed.

If a Shipper or Consignee does not remove such Crude Petroleum in accordance with the previous paragraph, Carrier may, in addition to the demurrage charge, make whatever arrangements for disposition of such Crude Petroleum it deems appropriate to operate its system. Any additional expenses incurred by Carrier in making such arrangements will be paid by the Shipper or Consignee.

(u) **Disposition of Shipments** – In the event that Shipper does not have adequate facilities available to receive or is not capable of receiving any shipment at Delivery Point(s) in accordance with Carrier’s schedules, Carrier may make whatever disposition of such undelivered shipment which is deemed necessary in Carrier’s sole judgment. Carrier shall not be liable to Shipper because of such disposition, and Shipper shall pay for all costs and fees thereof the same as if Shipper had requested or authorized such disposition. Carrier may not be required by Shipper to stop Crude Petroleum transit for any reason.

Section 10. Commission Rule 3.71(1)-(19) Provisions.

Subject to additional and more specific provisions included in this tariff and in the applicable Shipper Agreement, the following paragraphs are printed in this tariff in accordance with Commission Rule 3.71(20):

- (a) 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.
- (b) 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.
- (c) “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.
- (d) 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.
- (e) 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.
- (f) 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.

- (g) 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.
- (h) Gathering charges. Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation, and for delivery.
- (i) Measuring, testing, and deductions (reference Special Order Number 20-63,098 effective June 18, 1973).
1. 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.
 2. 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.
 3. 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.
 4. A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.
- (j) 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.

- (k) 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.
- (l) 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.
- (m) 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.
- (n) 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.
- (o) 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.
- (p) 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.

- (q) 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.
- (r) 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.
- (s) Reports of loss from fires, lightning, and leakage.
 1. 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.
 2. 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.
 3. 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.