

MARATHON PIPE LINE LLC

LOCAL TARIFF

CONTAINING

RATES, RULES AND REGULATIONS

Governing

TRANSPORTATION

of

CRUDE PETROLEUM

by

PIPELINE

The rules and regulations published herein apply only under tariffs making specific reference by F.E.R.C. or State Commission number to this tariff; such reference will include any successive issues hereof.

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Explanation of Reference Marks:

- [C] Cancel
- [N] New
- [U] Unchanged Rate
- [W] Change in wording only

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

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GENERAL APPLICATION

The Rules and Regulations published herein apply only under tariffs which make specific reference by F.E.R.C. or State Commission number to this tariff; such reference will include any successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

RULES AND REGULATIONS

This Carrier will undertake the Transportation of Crude Petroleum as defined herein, receiving and delivering the same through its own facilities and lines, and, where applicable, lines of connecting carriers, subject to the following rules and regulations:

Item 1. Definitions

As used in these rules and regulations, the following meanings are applicable:

“Barrel” means forty-two (42) United States gallons.

“Carrier” means and refers to Marathon Pipe Line LLC and, where applicable, other carriers participating herein.

[N]“Contaminated Crude Petroleum” means Crude Petroleum which does not meet Carrier’s specifications, requirements, or that is not of good merchantable quality.

“Crude Petroleum” means either the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil or gas wells including gasoline and liquefied petroleum gases, all of which are of merchantable quality when the API gravity is 50.9 degrees or less. Crude Petroleum may, at times and only by Carrier’s discretion, include other partially refined products, subject to terms published herein under Item No. 4.

“High Gravity Petroleum” means either the direct product of oil wells, or a mixture of the direct liquid products of oil wells with indirect liquid products of oil or gas wells including gasoline and liquefied petroleum gases, all of which are of merchantable quality with an API gravity of 51 degrees through 78.9 degrees.

“Nomination” means a written designation by a Shipper to the Carrier of an approximate quantity of Crude Petroleum for Transportation from a specified origin point(s) to a specified destination point(s) over a period of one Operating Month in accordance with these rules and regulations.

“Nomination Date” means the twentieth (20th) day of the month preceding the Operating Month.

“Operating Month” for a Shipper or Transferor means any calendar month in which the Carrier either transports Crude Petroleum or recognizes and records a change in ownership of Crude Petroleum for the account of such party. For purpose hereof the calendar month shall be deemed to begin on the first day of such month at 7:00 a.m. (Central Time).

“Shipper” means the party who contracts with the Carrier for the Transportation of Crude Petroleum subject to and in accordance with these rules and regulations subject to the rate on the applicable tariff.

[N]“System” means that portion of Carrier’s pipeline system, including all appurtenances thereto, related to the provision of Transportation provided by Carrier pursuant to Carrier’s tariffs.

“Tender” means an offer by a Shipper to the Carrier of an approximate quantity of Crude Petroleum for Transportation from a specified origin point(s) to a specified destination point(s).

[N]“Transferee” means the party who is designated by Transferor to receive Crude Petroleum pursuant to an intrasystem change in ownership as described in Item No. 9, Intrasystem Change in Ownership, of these rules and regulations.

“Transferor” means the party who requests the Carrier to recognize and record a change in ownership of Crude Petroleum from its account to a designated Transferee’s account [N]pursuant to an intrasystem change in ownership as described in Item No. 9, Intrasystem Change in Ownership, of these rules and regulations.

“Transportation” means gathering at a specified location and/or terminaling service at a specified location and/or movement from a specified origin point(s) to a specified destination point(s).

Item 2. Shipments of High Gravity Petroleum

High Gravity Petroleum will be received for Transportation only on condition that it shall be mixed with Crude Petroleum in the Carrier’s tanks or lines and provided that both the High Gravity Petroleum and the Crude Petroleum with which it is to be mixed are owned by the same Shipper or [W]Consignee/Transferee and are consigned in the same destination. Carrier

reserves the right to reject deliveries of High Gravity Petroleum with a vapor pressure in excess of twelve (12) pounds per square inch as outlined in Item No. 6 herein.

Item 3. Deductions and Quantities Deliverable of High Gravity Petroleum

~~[W]All shipments of High Gravity Petroleum shall be subject to a deduction to cover the shrinkage resulting from the mixing thereof with Crude Petroleum. All receipts of High Gravity Petroleum shall be subject to a deduction to cover shrinkage and evaporation according to the following table:~~

API GRAVITY	% DEDUCTION
51.0° through 78.9°	1

The quantity deliverable by Carrier shall be the net corrected volume, less the applicable deduction for shrinkage. Transportation charges will be assessed on the net balance thus reduced. After the High Gravity Petroleum has been so received and provisions for deductions made, any resultant mixture of “Crude Petroleum” and “High Gravity Petroleum” will be considered as Crude Petroleum for purposes of reference hereafter in this tariff.

Item 4. Commodity

Carrier is engaged primarily in the Transportation of Crude Petroleum and will not accept any other commodity for Transportation under tariffs making reference hereto. Crude Petroleum Tendered for Transportation which differs in quality or characteristics from that usually transported by the Carrier, will, if operationally possible and in a non-discriminatory manner, be transported under such terms as the Shipper and the Carrier may agree. Such shipments will only be considered when they can be transported, as time permits, with existing facilities and when they will not seriously impair the quality of other shipments.

Upon request of Shipper, Carrier may accept partially refined products for segregated Transportation as a Crude Petroleum if such opportunity is operationally possible and only when such partially refined product shipments can be transported under terms that will not seriously impair the quality of other shipments and only after Carrier reviews and approves the quality specifications. As condition to Carrier’s acceptance of Shipper’s Nomination for Transportation, Shipper shall be responsible to bear all reasonable costs necessary to make such partially refined product movement, including but not limited to, expenses associated with tank cleaning and pigging. Such arrangements will be detailed in a separate contract before any duty for Transportation shall arise.

Item 5. Receipt and Destination Facilities

Shipper shall provide the facilities necessary to deliver Crude Petroleum to the ~~[W]Carrier’s manifold~~ Carrier at (1) a pumping rate equal to the Carrier’s full line pumping rate at the point of delivery into the System, and (2) a minimum pressure to be designated by the Carrier.

Crude Petroleum may be delivered into the Carrier’s System at less than Carrier’s full line pumping rate provided that it is operationally possible ~~[C]for such Crude Petroleum to be received into Carrier-owned tankage~~ and will not prevent Carrier from meeting shipper commitments. Carrier will make decisions on acceptance of Crude Petroleum at less than Carrier’s full line pumping rate in a non-discriminatory manner [N]provided that, in Carrier’s sole judgment, such Crude Petroleum can be received into Carrier’s System without interfering with or contaminating other shipments.

Shipper shall provide the facilities necessary for promptly receiving the Crude Petroleum at the destination point as it arrives at the full line delivery rates and pressure as designated by the Carrier. [N]Carrier’s Movements Department can be contacted for current applicable rates and pressures.

[N]Carrier’s acceptance of Crude Petroleum from a facility or delivery of Crude Petroleum to a facility shall not evidence Carrier’s approval of the adequacy of such facility. The responsibility for such facilities shall be exclusively that of the Shipper. Carrier shall have no duty to provide Transportation until evidence satisfactory to Carrier has been furnished that the facilities required pursuant to this Item 5 have been provided.

[N]Carrier may, at any time upon notice, review receiving and delivery facilities to determine if such facilities are incapable of delivering or receiving at Carrier’s existing flow rates or throughput rates, and if there are such restricted facilities, Shippers using such facilities will be subject to reduction of up to one hundred percent (100%) of the quantity nominated from or to the restricted facility. Carrier reserves the right to adjust allocations at restricted facilities in order to maximize the total available capacity of the System. Shippers will be notified of such readjustment of allocation at restricted facilities.

Item 6. Quality of Crude Petroleum

Carrier will accept for Transportation Crude Petroleum which can be commingled or intermixed with a grade of Crude Petroleum which Carrier regularly transports between the origin and destination points without substantially reducing the value or altering the quality of any grade of Crude Petroleum regularly transported over the route of shipment.

Carrier will accept Crude Petroleum for Transportation only on condition that Carrier shall not be liable to Shipper for changes in gravity or quality of the Shipper's Crude Petroleum which may occur from commingling or intermixing such Crude Petroleum with other Crude Petroleum in transit. The Carrier is not obligated to deliver to Shipper the identical Crude Petroleum Tendered by the Shipper. However, the Carrier will deliver a grade of Crude Petroleum as nearly like the grade of Crude Petroleum received as Carrier is regularly transporting as a common stream to the same destination point in the Operating Month.

Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport as a common stream between particular receipt points and destination points on its pipeline System. Carrier will inform ~~[W]all interested persons existing or prospective Shippers~~ of such determination upon request. Carrier may from time to time undertake to transport other or additional grades of Crude Petroleum and the Carrier may ~~[C]from time to time~~, after giving reasonable notice to persons who may be affected, cease to transport particular grades of Crude Petroleum.

Carrier will also accept for Transportation a grade of Crude Petroleum which does not meet the above conditions of this Item, provided that:

- (a) Carrier has available facilities to segregate such grade of Crude Petroleum while it is in transit from all other grades of Crude Petroleum and if required, Shipper shall provide such buffers as Carrier solely deems necessary; and
- (b) Carrier shall not be liable to Shipper for changes in the gravity or quality of such grade of Crude Petroleum while in transit: and
- (c) The Crude Petroleum Tendered for Transportation is made available at the receipt point in sufficient quantity as Carrier solely deems economically justifiable.

Carrier reserves the right to reject all Tenders of Crude Petroleum when, in Carrier's sole determination:

- (1) the Reid vapor pressure of the Crude Petroleum or any mixture thereof with indirect products, exceeds twelve (12) pounds at one hundred degrees Fahrenheit (100°F) and/or an API gravity in excess of 78.9 degrees;
- (2) the true vapor pressure of the Crude Petroleum, or any mixture thereto with indirect products, might result in Carrier's noncompliance with Federal, State, or local requirements regarding hydrocarbon emissions;
- (3) the Crude Petroleum contains impurities exceeding one-half (1/2) of one percent (%);
- (4) the Crude Petroleum has been partially refined, unless Carrier has accepted Shipper's request for the Transportation of such segregated partially refined product under Item No. 4;
- (5) the Crude Petroleum has been contaminated by the presence of any chemicals including, but not limited to, chlorinated and/or oxygenated hydrocarbons and lead;
- (6) Crude Petroleum which has a pour point greater than thirty degrees Fahrenheit (30°F) unless under terms and conditions acceptable to Carrier. If such Crude Petroleum is accepted by Carrier, Shippers will be subject to a charge in addition to trunk line Transportation rates if such charge is on file with the Federal Energy Regulatory Commission; or
- (7) Crude Petroleum which has a viscosity greater than 55 Saybolt Universal Seconds at 60 degrees Fahrenheit (60°F), unless under terms and conditions acceptable to Carrier. If such Crude Petroleum is accepted by Carrier, Shippers will be subject to a charge in addition to trunk line Transportation rates if such charge is provided in published tariffs on file with the Federal Energy Regulatory Commission.

~~[C]Crude Petroleum delivered to Carrier's facilities which does not meet specifications shall be considered contaminated. [N]Carrier reserves the right to reject any Contaminated Crude Petroleum delivered to Carrier's System. [W]If upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities contaminated Crude Petroleum, such Shipper will be excluded from further entry into applicable segments of Carrier shall also have the right to exclude any Shipper that delivers Contaminated Crude Petroleum to Carrier's System from further entry into the System until such time as quality specifications are met. [C]Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its System, provided such Crude Petroleum is not removed by the Shipper having title thereto upon reasonable notice to it by Carrier. Disposal thereof may be made by public sale if necessary.~~

The Carrier shall have no responsibility relative to the revaluations or settlements among Shippers and/or Transferors due to the mixing of component parts of Crude Petroleum streams between the receipt point and delivery point of such streams by

the Carrier. The Carrier will however furnish to Shipper or its representative such data as Carrier and Shipper shall agree as to the properties of Crude Petroleum received into and delivered out of the respective common streams.

Item 7. Additives

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants or other such additives in the Crude Petroleum to be transported.

Item 8. Title

A Tender of Crude Petroleum for Transportation shall be deemed a warranty of unencumbered title and merchantability at the time of Tender. The Carrier may, in the absence of adequate security, decline to receive any Crude Petroleum for Transportation.

Item 9. Intrasystem Change in Ownership

Notice of change in ownership of Crude Petroleum will be recognized and recorded only where such Crude Petroleum entered the Carrier's System and only on a monthly basis. Statements denoting ownership transactions will be provided to the applicable Transferors and Transferees. The Carrier will not provide any information as to the quality of the Crude Petroleum subject to changes in ownership except for gravity on current receipts when requested. Each Transferor will be charged [U] four and ninety-eight hundredths cents (4.98¢) per barrel for recognizing and recording the change in ownership and, if required, shall pay said charge prior to the recognizing and recording of such change. The Transferor, at Carrier's option, shall provide an irrevocable letter of credit satisfactory to the Carrier prior to the recognizing and recording. The recognition by the Carrier of a change in ownership of Crude Petroleum requires the recording thereof, and the Carrier is entitled to a lien for all such charges and fees.

The Carrier shall not be obligated to recognize and record changes in ownership of Crude Petroleum during any Operating Month unless the Transferor and Transferee requesting the Carrier to recognize and record the change in ownership shall, each, on or before the Nomination Date provide written notice to the Carrier containing like data relative to the kind, quantity, source, location, Transferor and Transferee of the Crude Petroleum. The Carrier shall not be obligated to accept any modification in said notice unless confirmed in writing by the Transferor and Transferee on or before the last day of the calendar month preceding the Operating Month.

When the quantity of the Crude Petroleum received during the Operating Month is not equivalent to the quantity of the Crude Petroleum subject to the notice of change in ownership, the Carrier will recognize and record the change in ownership only to the extent of the quantity received.

A notice of change in ownership of Crude Petroleum shall be deemed: (1) a warranty that the Transferor has unencumbered title to the Crude Petroleum identified in its notice at the time of change in ownership, and (2) a representation that the change in ownership is effective on the first day of the Operating Month.

The Carrier may, in the absence of adequate security, decline to recognize and record any change in ownership of Crude Petroleum.

Item 10. Time for Submitting Nominations

[N]Any Shipper desiring to Tender Crude Petroleum for Transportation shall, on or before the Nomination Date, submit to Carrier via Carrier's electronic nomination system a designation of the quantity of such Crude Petroleum for Transportation from a specified origin point to a specified destination point over a period of one Operating Month. The Carrier is under no obligation to accept a Tender of Crude Petroleum for shipment for any Operating Month unless the Shipper submits its Nomination to the Carrier on or before the Nomination Date. However, if the line is not prorated Carrier may accept nominations after the Nomination Date [W]as-is if operationally feasible and in a non-discriminatory manner.

Item 11. Apportionment when Nominations are in Excess of Facilities

When there shall be nominated to Carrier for Transportation more Crude Petroleum than can be immediately transported, based on the capacity of the System or any line segment thereof, the following proration policy will apply:

I. Definitions

"Base Period" is the 24-calendar month period one month prior to the Calculation Month.

"Base Shipment Ratio" is the value determined by dividing the volume of Crude Petroleum moved for a Shipper through the pipeline during the Base Period by the total Crude Petroleum moved through the pipeline for all Shippers during the Base Period.

“Binding Nominations”: For any month, if the Carrier determines the Nominations exceed the line segment’s capacity, then the Carrier will notify each Shipper and provide each Shipper an opportunity to reduce its Nomination, which shall be considered a Binding Nomination. If a Shipper does not submit a reduced Nomination then its initial Nomination shall be considered its Binding Nomination.

“Calculation Month” is the calendar month immediately preceding the Proration Month, during which allocations for the Proration Month will be determined.

“Factored Binding Nominated Volumes” are each Shipper’s Binding Nominated Volumes recalculated in terms of an “equivalent light” barrel. “Heavy” barrels will be equated to a “light barrel” equivalent by application of factors as solely determined by Carrier.

“Factored Nominated Volumes” are each Shipper’s nominated volumes recalculated in terms of an “equivalent light” barrel. “Heavy” barrels will be equated to a “light” barrel equivalent by application of factors as solely determined by the Carrier.

“Proration Month” is the calendar month for which capacity is being allocated.

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 any Shipper who is not a Regular Shipper.

II. Proration Procedures

When Factored Binding Nominated Volumes for any month exceed the capacity in any line segment of the Carrier’s ~~[W]systemsSystem~~, such capacity shall be allocated among Shippers by the following procedure:

- (1) The capacity allocated to each Shipper will be determined by multiplying each Shipper’s Base Shipment Ratio times the capacity of the line segment being prorated during the Proration Month.
- (2) If the results of the calculation in Item 11 II (1) for a Shipper is less than 10,000 barrels, then Shipper’s allotted capacity will be increased to 10,000 barrels for the Proration Month.
- (3) If the results of the calculation in Item 11 II (1) for a Shipper is greater than that Shipper’s Factored Binding Nomination on that line segment, then that Shipper’s allotted capacity will be reduced to equal its Factored Binding Nomination on that line segment. The remaining capacity shall be allocated among Shippers in proportion to their Base Shipment Ratio.
- (4) New Shippers will be included in the allocation of the pipeline capacity. Since New Shippers will have a Base Shipment Ratio of zero, such New Shippers will receive the minimum capacity allocation of 10,000 barrels during the Proration Month.
- (5) If a Shipper Tenders a volume greater or equal to ninety-five percent (95%) of its Binding Nomination, then such Shipper shall be invoiced based on its delivered volumes. If a Shipper Tenders less than ninety-five percent (95%) of its Binding Nomination then Shipper shall be invoiced for its delivered volumes for that month, plus the product of the applicable tariff and volume equal to the difference between the actual volume Tended and a volume equal to ninety-five percent (95%) of the Shipper’s Binding Nomination or Shipper’s prorated Binding Nomination, as adjusted by further prorating or operational factors.

III. General

In no event will any portion of an allocation granted to a New Shipper be used in such manner that it will increase the allocation of another Shipper beyond what he is entitled to under this Proration Policy. Carrier may require a Shipper to give the final refinery destination of the Crude Petroleum being Nominated and may reject the Nomination of a potential New Shipper to a refinery destination for which a Regular Shipper is already making a Nomination if, in the sole judgment of the Carrier, the purpose of the New Shipper’s Nomination is to circumvent the requirements of this Proration Policy. Carrier may also require written assurances from responsible officials of Shippers regarding use of allocated capacity stating that these Proration Policy requirements have not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make available to another Shipper or in the event any Shipper shall receive and use any capacity from a New Shipper through violation of this

requirement, the allocated capacity for both Shippers will be reduced to the extent of the excess capacity so made available or used in the shipping cycles next following discovery of the violation which are under proration.

When nominations submitted by Shippers to Carrier on or before the Nomination Date do not exceed the capacity of the System or any line segment thereof, additional Nominations may be accepted by the Carrier to fill capacity. These additional Nominations will be accepted only if they do not impair the movement of Crude Petroleum Nominated on or before the Nomination Date and will be accepted in a non-discriminatory manner.

Item 12. Minimum Tender-Minimum Delivery

Tenders for the Transportation of Crude Petroleum for which the Carrier has facilities will be accepted into the System under this tariff in quantities of not less than ten thousand (10,000) Barrels 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. Carrier may accept tenders of less than 10,000 barrels if operationally possible and in a non-discriminatory manner. The Carrier is not obligated to transport Crude Petroleum until it has received for the account of one or more Shippers, for delivery to a single destination in a common batch, a quantity aggregating not less than twenty-five thousand (25,000) Barrels of the same quality of Crude Petroleum within a two-month period or of different qualities to be commingled, provided that the Shippers and Carrier agree to said commingling.

Item 13. Inventory Requirements

Carrier will require each Shipper to supply a pro rata share of Crude Petroleum necessary for pipeline fill and efficient operation of the Carrier's ~~[W]pipeline system~~ System prior to delivery. Crude Petroleum provided by Shipper for this purpose may be withdrawn from Carrier's System in an Operating Month only after shipments have ceased and if written notice to discontinue shipments in Carrier's System is received on or before the Nomination Date.

Item 14. Measuring, Testing and Deductions

All Crude Petroleum accepted by Carrier for Transportation shall be gauged or metered and tested by a representative of the Carrier prior to its receipt and upon delivery. ~~[N]All measurements and tests shall be determined by Carrier.~~ The Shipper ~~[W]shall have the privilege of being~~ may be present or represented at the gauging or metering or testing. If tank tables are used, quantities will be computed from regularly compiled tank tables showing one hundred percent (100%) of the full capacity of the tanks.

Whenever there is substantial evidence of meter malfunctions in a custody transfer measurement, the parties involved in the custody transfer shall negotiate an appropriate adjustment on the basis of the most reliable and accurate information available.

Quantities for receiving, delivering, assessing charges and all other purposes will be corrected to a temperature of sixty degrees Fahrenheit (60°F). Deductions will be made for the full percent of basic sediment, water and other impurities shown by tests made by Carrier at time of receipt and upon delivery.

Carrier shall account to each Shipper for one hundred percent (100%) of Crude Petroleum received for its account. Other Carriers participating in tariffs which make specific reference to this tariff may make adjustments for shortages in their pipeline systems. The authority and amount of any adjustment may be found in the rules and regulations of the participating Carriers.

Item 15. Acceptance of Delivery

On 24 hours' notice to Shipper, Carrier may begin delivery of a shipment to Shipper at its current rate of pumping. If all of such shipment cannot be received by Shipper, a demurrage charge of ~~[U]~~ one cent (1¢) per barrel per 24 hours shall accrue, from the time said notice expires, on that part of such shipment which is not received by Shipper.

If a Shipper is not able to receive Crude Petroleum from Carrier at the time when Carrier has scheduled a delivery, and if Carrier has no means of withholding delivery of such Crude Petroleum, then Carrier shall have the right to clear its line and sell such Crude Petroleum and apply the proceeds thereof to accrued Transportation charges and all other lawful charges and fees which shall be due as if delivery of such Crude Petroleum had been made at the rate specified in the applicable tariff; and to hold the balance of such proceeds for whomsoever may be entitled thereto.

Item 16. Common Stream Petroleum-Connecting Carriers

When both receipts from and/or deliveries to a connecting carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right to offset like volumes of such common stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required by physically pumping the offsetting volumes.

Item 17. Destination

All Crude Petroleum in Carrier's System shall at all times have a destination. Change in destination may be made if requested in writing by the Shipper prior to delivery at original destination point, subject to the rate, rules and regulations applicable from point of origin to point of final destination, provided that no out-of-line backhaul movement will be made.

Item 18. Rate Applicable

Crude Petroleum transported shall be subject to the rates, and governed by the rules and regulations in effect on date such Crude Petroleum is received by the Carrier.

Item 19. Applicable Rates from Intermediate Points

[N]In accordance with the provisions of 18 C.F.R. § 341.10, Crude Petroleum accepted for Transportation from/to any point on the Carrier's lines not named in the tariff, will be deemed as having been received/delivered at the next more distant point named in the tariff for purpose of determining the rate to be charged.

Item 20. Charge for Spill Compensation

In addition to the Transportation charges and all other charges accruing on Crude Petroleum accepted for Transportation, per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such 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, clean up and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom. If a charge is to be established, it will be filed in a F.E.R.C. regulated tariff.

Item 21. Payment of Charges

The Shipper or Transferor shall be obligated to pay Carrier all charges and fees upon Carrier's performance of the designated service(s). Payment of such charges and fees shall be made in accordance with invoice terms and these rules and regulations. The Carrier may, at its option, require the Shipper or Transferor to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to the Carrier.

Shippers shall settle inventory imbalances within a reasonable timeframe and in a mutually agreed upon manner. If no agreement can be reached, Carrier reserves the right to withhold Crude Petroleum or settle the balance financially at a fair market value.

Carrier is entitled to a lien for all unpaid accrued charges and fees. Such lien attaches to any Crude Petroleum retained by Carrier for the Shipper's or Transferor's account. Carrier may, at its option, refuse to: (1) deliver to the Shipper, or (2) recognize and record any change in ownership of Crude Petroleum for the account of a Transferor until all charges or fees owed to Carrier have been paid in full by such party.

If any charge remains unpaid after the payment due date, then Carrier shall have the right to assess interest calculated at an annual rate equivalent to 125% of the prime rate as quoted by a major New York bank for loans made to substantial and responsible commercial borrowers from the payment due date of the invoice to the date payment is received by the Carrier.

If any such charges or fees remain unpaid for thirty (30) calendar days after the payment due date, the Carrier shall have the right, either directly or through an agent, to sell any of the Shipper's or Transferor's Crude Petroleum within the custody of the Carrier. From the proceeds of this sale, Carrier will deduct all Transportation charges, change in ownership charges, other lawful charges and fees and interest due to Carrier, including expenses incident to said sale, and the balance of the remaining proceeds, if any, shall be held by Carrier for whomsoever may be lawfully entitled thereto. If proceeds from such sale are not sufficient, Shipper or Transferor will remain liable for any deficiency including the above interest charges.

Item 22. Liability of [W]CarrierParties

Carrier, while in possession of any Crude Petroleum will not be liable for any loss thereof, damage thereto, or delay caused by the act of God, the public enemy, quarantine, the authority of law, strikes, riots or the act or default of the Shipper, or from any other cause not due to the negligence of Carrier. In the event there is any loss of Crude Petroleum other than through the negligence of the Carrier, the Shipper(s) whose Crude Petroleum has been Tendered to the Carrier and scheduled for Transportation over that segment of the System in which the loss occurs shall bear such loss in the same proportion that the amount of its Tendered Crude Petroleum scheduled for Transportation over such segment at the time of the loss bears to the total amount of Crude Petroleum then Tendered and scheduled for Transportation over such segment. Such Shipper(s) shall be entitled to receive only such remaining portion of its Tender as is left after deducting its due portion of the loss.

[N]As a condition precedent to Carrier's acceptance of Crude Petroleum for Transportation, Shipper shall release, protect, defend, indemnify, and hold Carrier harmless from and against any and all claims, actions, suits, losses, demands, damages, costs, and expenses (including attorneys' fees) arising out of or resulting from Shipper's failure to comply with this tariff and/or tariffs making reference hereto, including without limitation Shipper's delivery to Carrier of any Contaminated Crude Petroleum. If Carrier determines that Shipper has delivered to Carrier any Contaminated Crude Petroleum, Carrier reserves

the right, in its sole discretion, to treat or otherwise dispose of all such Contaminated Crude Petroleum in any reasonable commercial manner at Shipper's sole expense. Shipper shall be liable, and agrees to promptly reimburse Carrier, for Carrier's costs of handling and/or disposal of Contaminated Crude Petroleum, and of repairing, replacing, inspecting, cleaning, and decontaminating the property of Carrier, its affiliates or third parties of every kind, nature, or description arising out of or resulting from Shipper's delivery of Contaminated Crude Petroleum to Carrier.

Item 23. Claims, Suits, Time for Filing

As a condition precedent to recovery for loss or damage, claims must be filed in writing with the Carrier within nine (9) months after delivery of the property, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits must be instituted against the Carrier within two (2) years and one (1) day from the day that the notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof. Where claims are not filed or suits are not instituted in accordance with the foregoing provisions, Carrier is not liable and such claims will not be paid.

Item 24. Storage In Transit

When and to the extent Carrier determines space is available, Carrier will provide tankage as operationally possible and in a non-discriminatory manner for in-transit storage of Crude. The tankage offered under this rule is only that constructed for normal break out tankage within Carrier's System which from time to time may be surplus to Carrier's normal operating needs. Such in-transit storage will be governed by separate agreement between the Shipper and Carrier, to the extent applicable, and additional items as are necessary. In the event Shipper fails to remove its Crude at the expiration of the storage period, Carrier shall have the right to divert, re consign, or make whatever arrangements for disposition of the Crude as it deems necessary including, but not limited to, the right of sale thereof. Shipper must contact Carrier to inquire about current storage availability.

Item 25. Pipeage or Other Contracts Required

Separate pipeage and other contracts in accord with this tariff and these rules and regulations covering further details may be required by the Carrier before any duty for Transportation shall arise.