

WESTERN REFINING PIPELINE, LLC
RULES AND REGULATIONS
GOVERNING THE
TRANSPORTATION
OF
CRUDE PETROLEUM
BY
PIPELINE

GENERAL APPLICATION

The rules and regulations published herein apply only under tariffs making specific reference by F.E.R.C. number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

Issued under authority of 18 CFR § 341.3 (Form of tariff)

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

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ITEM 5 – DEFINITIONS

API Gravity: Gravity determined in accordance with ASTM designation and expressed in degrees API.

Assay: A laboratory analysis of a Crude Petroleum to include API gravity, Reid Vapor Pressure, pour point, sediment and water content, sulfur content, viscosity at 100 degrees Fahrenheit, and other characteristics as may be required by Carrier.

Barrel: Forty-two (42) United States gallons of a Crude Petroleum at a temperature of sixty (60) degrees Fahrenheit.

Batch: A quantity of Crude Petroleum of like specifications moved through the System as an identifiable unit.

Carrier: Western Refining Pipeline, LLC and other pipeline companies which may, by proper concurrence, participate in joint tariffs incorporating these regulations by specific reference.

Common Stream: Crude Petroleum moved through Carrier's System which is commingled or intermixed with other Crude Petroleum.

Consignee: The party to whom a Shipper has ordered the delivery of Crude Petroleum.

Crude Petroleum: The direct production from crude oil or gas wells, or blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as a whole crude oil.

Fahrenheit: The temperature scale that registers the freezing point of water as 32°F and the boiling point as 212°F at one atmosphere of pressure.

Nomination: A written request by a Shipper representing a commitment to Tender a specific quantity and type of Crude Petroleum to Carrier for Transportation between a specified Origin and Destination pursuant to the rules and regulations established by this tariff.

Nomination Deadline: 5:00 pm (CT) on the fifteenth (15th) calendar day of the month prior to the month of delivery; provided, however, that in the event the fifteenth calendar day falls on a weekend or holiday, the Nomination Deadline shall be 5:00 pm (CT) on the previous business day.

Destination: A location for the delivery of Crude Petroleum as provided for in the Carrier's tariffs.

Destination Release: A written commitment of a Consignee, or owner of Destination facilities, to receive a proposed Nomination of Crude Petroleum from Shipper on Carrier's System.

Origin: A location for the receipt of Crude Petroleum as provided for in the Carrier's tariffs.

Quality Specifications: Quality Specifications shall have the meaning set forth in Item 25.

Reid Vapor Pressure (“RVP”): A standardized measurement of volatility as determined in

accordance with ASTM designation and expressed in pounds per square inch.

Saybolt Universal Seconds (“SUS”): A standardized measurement of viscosity determined in accordance with ASTM test methods.

Segregated Batch: A single Tender of Crude Petroleum for an individual Shipper having specific identifiable characteristics which is moved through the Carrier’s pipeline so as to maintain its identity.

Shipper: A party who contracts with the Carrier for Transportation of Crude Petroleum under the terms of this tariff.

System: The portion of Carrier’s pipeline system, including all appurtenances thereto, related to the provision of Transportation provided by the Carrier pursuant to Carrier’s tariffs.

Tender: The physical exchange of Crude Petroleum custody between the Shipper and the Carrier.

Transit Time: The time a shipment takes to move from Origin to Destination.

Transmix: A by-product of pipeline operations created by the mixing of different batches moved sequentially during pipeline Transportation.

Transportation: Movement of Crude Petroleum on the Carrier’s System from a specified Origin to a specified Destination, as applicable.

Working Stock: The volume of Crude Petroleum required by Carrier as pipeline line fill, and for Carrier’s operational tankage, to float tank roofs to working levels and to maintain that level and for terminal piping and tank bottoms.

ITEM 10 – 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 that differs in quality or characteristics from the grades of Crude Petroleum that is usually transported by Carrier, will, at the option of Carrier if operationally possible and in a non-discriminatory manner, be transported under such terms as the Shipper and 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.

ITEM 15 – RESERVED FOR FUTURE USE

ITEM 20 – RESERVED FOR FUTURE USE

ITEM 25 – QUALITY SPECIFICATIONS

The specifications set forth in this Item 25 (the “Quality Specifications”), which may be amended by the Carrier from time to time, are the required specifications for the Crude Petroleum and shall apply to each Barrel of Shipper’s Batch. Carrier shall not be obligated to accept Crude Petroleum

that fails to meet the Quality Specifications. Shipper warrants to Carrier that any Crude Petroleum Tendered to Carrier is merchantable and will conform to the Quality Specifications as set forth below:

- (i) a sulfur content no greater than 0.25 percent by weight;
- (ii) a Reid Vapor Pressure no greater than 8.0 pounds per square inch (psi) for any Crude Petroleum with an API Gravity of less than 35.0° or a Reid Vapor Pressure no greater than 10.0 psi for any Crude Petroleum with an API Gravity of 35.0° or greater;
- (iii) a temperature that does not exceed 120 degrees Fahrenheit;
- (iv) sediment and water that does not exceed 1 percent by volume;
- (v) a pour point no higher than 40 degrees Fahrenheit;
- (vi) a viscosity no greater than 60 SUS at 100 degrees Fahrenheit;
- (vii) a mercaptan content not exceeding 75 parts per million
- (viii) a hydrogen sulfide (H₂S) content not exceeding 10 parts per million;
- (ix) may not contain any organic chlorides (including but not limited to PCB), any waste oils, lube oils, crankcase oils, Dioxins, or be injected with butane or other similar liquified petroleum gases; and
- (x) may not possess physical or chemical characteristics that may render such Crude Petroleum not readily transportable by the Carrier or that may materially affect the quality of other commodities transported by the Carrier or that may otherwise cause disadvantage to other shippers or the Carrier.

Carrier reserves the right to reject all Tenders of Crude Petroleum that do not conform to the above Quality Specifications; provided, however, that Carrier may accept Tenders of Crude Petroleum that do not conform to the above Quality Specifications if such Crude Petroleum can, in Carrier's sole determination, be accepted without causing disadvantage to other Shippers, the Carrier, or connecting carriers.

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.

Upon request of Carrier, Shippers are required to furnish Assays and/or other documentation acceptable to Carrier evidencing the Origin of the Crude Petroleum. The Carrier will not accept Tenders of any material resulting from certain post-production recovery operations (i.e. reclaimed or skimmed oil). If a Shipper fails to provide the Carrier with such information, then the Carrier shall not be obligated to accept the Shipper's Crude Petroleum.

If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's System Crude Petroleum that does not meet the current Quality Specifications, or 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 Shippers will be excluded from further entry into applicable segments of Carrier's System until such time as Quality Specifications are met to the satisfaction of Carrier. Carrier reserves the right to take appropriate actions including, but not limited to: (1) requiring the Shipper to test its future Crude Petroleum Nominations at Carrier approved laboratory, at Shipper's expense, prior to each Tender; (2) suspension; and (3) permanent disconnection. Further, Carrier reserves the right to dispose of any contaminated, non-compatible or non-acceptable Crude Petroleum in 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.

In the event the Carrier is required to dispose of any contaminated, non-compatible or non-acceptable Crude Petroleum it shall pay itself from the proceeds of such sale all costs incurred by the Carrier with respect to the transportation, storage, removal, contaminate mitigation or remediation and sale of such Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for whomsoever is lawfully entitled to such proceeds.

Changes to the Carrier's Crude Petroleum specification may be issued or reissued from time to time in the manner and to the extent appropriate to facilitate the efficient and economical use and operation of the Carrier's System.

ITEM 30 – CORROSION INHIBITORS

Shipper may be required to inject oil-soluble corrosion inhibitor, approved by the Carrier, in Crude Petroleum to be transported. Carrier may, from time to time, in its discretion and without prior approval of Shipper, add biocides, or other similar substances to the Crude Petroleum in order to minimize bacteria growth or attacks.

ITEM 35 – ADDITIVES

Carrier reserves the right to approve or reject the injection of viscosity or pour point depressants, drag reducing additives or other such additives in the Crude Petroleum to be transported. Shipper's desiring to inject any additive into the Crude Petroleum it plans to Tender to the Carrier must receive written approval from the Carrier in advance of the shipment. Otherwise, in addition to other remedies that may be established by this tariff, Carrier reserves the right to reject the shipment. Carrier may from time to time, in its discretion, and without the prior approval of Shipper, add drag reducing agents to the Crude Petroleum.

ITEM 40 – NOMINATIONS AND TENDERS

Carrier will only transport Crude Petroleum which has been properly Nominated by the Shipper and accepted by the Carrier for Transportation between an established Origin and Destination on Carrier's System. All Shippers desiring to ship Crude Petroleum through the Carrier's pipelines must provide the following information in writing to Nominate each shipment of Crude Petroleum: the quantity (in Barrels), Origin, Destination, name of Consignee (if applicable), a description of the Crude Petroleum to be Tendered and a written verification that the Crude Petroleum will meet the Quality Specifications set forth in Item 25 above.

Nominations must be received by the Carrier before the Nomination Deadline. Nominations or changes in Nominations will not be accepted from the 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, such that the additional or changed Nominations do not impair the movement of Crude Petroleum nominated prior to the Nomination Deadline.

Carrier is not obligated to accept any Nominations received after the Nomination Deadline. If space is available and operating conditions permit, Carrier may, in its discretion, accept Nominations after the Nomination Deadline. To the extent the Carrier does accept a Nomination after the

Nomination Deadline, it will transport such volumes only to the extent said Nomination meets all the requirements of the Carrier's applicable tariffs and the Carrier has sufficient idle pipeline capacity to accommodate the Nomination without adversely impacting the scheduling of other shipments and Carrier's need to perform maintenance on its System.

Shipper also must satisfy Carrier its Nominations are in good faith and that shipments can be transported in conformance with Carrier's tariffs. Shipper shall, upon notice from the Carrier, provide written third-party verification, as required by the Carrier, in support of such Shipper's Nomination. The Carrier shall not be obligated to accept a Shipper's Nomination where such verification is, in the sole discretion of the Carrier, unacceptable to the Carrier. If the Shipper does not own or operate the Destination facilities required in Item 75, Consignee or operator that controls the Destination must provide a Destination Release to Carrier committing to accept the proposed shipment before the Nomination will be considered valid.

In the event the total Nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be prorated in accordance with the proration policy set forth in Item 55.

The Carrier shall not be obligated to accept a Shipper's Crude Petroleum if the volume is less than the minimum shipment quantity specified in Item 60 or if the receipt flow rate at which such Crude Petroleum is received by the Carrier is less than or greater than the receipt flow rates specified from time to time by the Carrier for each Origin point.

The Carrier shall not be obligated to make a delivery of a Shipper's Crude Petroleum of less than the minimum delivery quantity specified in Item 65 or at a delivery flow rate less than or greater than the delivery flow rates specified from time to time by the Carrier for each Destination point. Carrier shall not be obligated to accept or deliver Crude Petroleum unless Shipper and Consignee have complied with all provisions of this tariff and any other applicable tariffs issued by the Carrier.

ITEM 45 – COMMON STREAM OPERATION

Carrier operates its system as a Common Stream system. Carrier will accept Crude Petroleum for Transportation which can be comingled or intermixed with a grade of Crude Petroleum which Carrier regularly transports from Origin to Destination without substantially reducing the value or altering the quality of any grade of Crude Petroleum regularly transported by Carrier.

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 comingling or intermixing such Crude Petroleum with other Crude Petroleum being transported in the same Common Stream on Carrier's System. The Carrier is not obligated to deliver to Shipper the identical Crude Petroleum Tendered by the Shipper; Carrier will deliver the grade of Crude Petroleum it is regularly transporting as a Common Stream to the same Destination.

Carrier will, from time to time, determine which grades of Crude Petroleum it will regularly transport as a Common Stream between particular Origins and Destinations on its System. Carrier will inform all interested persons of such determination upon request. Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum. If, in the opinion of the

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.

Due to operational and quality considerations, it may be necessary for Carrier to transport Crude Petroleum in Segregated Batches between certain specified Origins and Destinations on its System. Any Transportation of Crude Petroleum that requires the use of Segregated Batches will be clearly identified on Carrier's tariffs. When transporting Segregated Batches, Carrier will use its best efforts to maintain the physical identify of each shipment Tendered by Shipper and deliver the same Crude Petroleum back to Shipper or Consignee as was Tendered to the Carrier with the exception of any applicable Transmix associated with the leading and trailing Batch interfaces. Shippers or Consignees are required to accept a proportionate share of all Transmix generated during the Transportation of their Segregated Batch. Carrier will invoice Shipper transportation charges on all volumes of Transmix delivered at Destination.

ITEM 50 – SCHEDULING OF SHIPMENT

For each calendar month Carrier will establish a sequence for pumping Crude Petroleum. Carrier will inform each Shipper of the time(s) within each calendar month when Crude Petroleum will be received from such Shipper at Origin points and Carrier will inform each Shipper, or its Consignee, of the approximate time(s) within each calendar month when Crude Petroleum will be delivered to such Shipper or Consignee at Destination. Such schedules may be modified from time to time in the manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of the Carrier's System and to reasonably accommodate Shipper's needs for Transportation.

Shipments on Carrier's System are subject to Transit Time restrictions. The time required for the Carrier to deliver Crude Petroleum is a function of the Origin and Destination of the shipment, the flow rate and volume of Crude Petroleum being transported between these two locations for all Shippers and the pipeline capacity (i.e., line fill) between these two locations. Carrier assumes no responsibility or liability for the length of time required to transport the Shipper's Crude Petroleum from its Origin to its Destination.

Once a Nomination has been accepted by the Carrier and a shipment schedule has been established, a Shipper must request any proposed changes in the shipment schedule in writing at least 72 hours prior to the scheduled receipt by the Carrier at the Origin or delivery at the Destination. Any requested changes will be subject to the rates, rules and regulations applicable from point of Origin to point of final Destination. The Carrier shall not be obligated to accept any proposed change that adversely affects the efficient and economic operation of Carrier's System or existing shipment schedules established for other Shippers.

Carrier's System is not bi-directional. Carrier will only accept a change in an Origin or Destination for an existing shipment to the extent it can accomplish such a movement given the direction of Crude Petroleum flow from the Carrier's Origin(s) to Destination(s). No out-of-line movements are allowed. In addition, the Carrier will not make any backhaul movements (i.e., a movement in a direction opposite of the pipeline flow).

ITEM 55 – PRORATION

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 a period of 12 calendar months ending one month prior to the Calculation Month.

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

"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 at least eight (8) months of the Base Period.

A "New Shipper" is any Shipper who is not a Regular Shipper.

II. Proration Procedures

When Binding Nominated Volumes for any month exceed the capacity in any line segment of the Carrier's System, such capacity shall be allocated among Shippers by the following procedure:

A. New Shippers

Ten percent (10%) percent of the available capacity of the line segment being prorated will be reserved for New Shippers. The available capacity for New Shippers will be allocated equally amongst all New Shippers, if any, up to their Binding Nomination. No New Shipper will be allocated more than two and one-half percent (2.5%) of the total capacity of the line segment being prorated. If this allocation of available capacity for New Shippers should result in such New Shippers receiving less than the minimum shipment quantity as defined in Item 60, Carrier will instead administer a lottery as described in this Item 55, Section III in order to allocate the available capacity for New Shippers. A New Shipper will not be allocated capacity under this Item 55, Section II, A if it is an affiliate of another Shipper.

B. Regular Shippers

- (1) After allocation in Item 55, Section II, A, the remaining available capacity allocated to Regular Shippers will be determined by multiplying each Regular Shipper's Base Shipment Ratio times the remaining available capacity of the line segment being prorated during the Proration Month.
- (2) If the result of the calculation in Item 55, Section II, B, 1 for a Regular Shipper is less than the minimum shipment quantity as defined in Item 60, then the Regular Shipper's allotted capacity for the Proration Month will be increased to the minimum shipment quantity in accordance with Item 60.
- (3) If the results of the calculation in Item 55, Section II, B, 1 for a Regular Shipper is greater than that Regular Shipper's Binding Nomination on that line segment, then that Regular Shipper's allotted capacity will be reduced to equal its Binding Nomination on that line segment. The remaining capacity shall be allocated amongst Regular Shippers in proportion to their Base Shipment Ratio.

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 Tendered 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. Lottery Process for New Shippers

Carrier will administer a lottery process to allocate capacity to New Shippers as follows:

- a. Carrier will use a random number generating software to randomly assign each New Shipper a number from one to the number representing the total number of New Shippers participating in the lottery (i.e., if there are ten New Shippers, numbers one through ten will be assigned).
- b. The New Shipper with the number closest to one will receive the first allocation of minimum shipment quantity as defined in Item 60. This process of assigning minimum shipment quantity allocations to the New Shipper with the number closest to one will continue until all of the available capacity for New Shippers for the Proration Month has been allocated.
- c. Following the lottery, Carrier will notify shippers as to whether they were allocated capacity in the Proration Month.

A New Shipper will not be allocated capacity through the lottery process if it is an affiliate of another Shipper.

IV. 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 Shipper is entitled to under this proration policy. Carrier may reject the Nomination of a potential New Shipper 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. Capacity allocated to a Shipper may not be assigned, conveyed, loaned or transferred to another Shipper. A Shipper's allocation may be transferred as a direct incident of the bona fide sale of all or a portion of Shipper's business related to this tariff or to a successor to Shipper's business. 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 Deadline 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 Deadline and will be accepted in a non-discriminatory manner.

ITEM 60– MINIMUM SHIPMENT QUANTITIES

During each operating month, Carrier will not accept any shipment of less than 25,000 Barrels of Crude Petroleum at any Origin point except when necessitated by pipeline operations or except where a smaller delivery is authorized by an individual tariff as may be subsequently issued by Carrier. Provided the Carrier's pipeline operation can accommodate, Shippers will be allowed to inject quantities of less than 25,000 Barrels into an existing Batch which is currently being transported. Any Shipper desiring to inject Crude Petroleum into another Batch must meet all provisions of this tariff including the submission of a separate Nomination for the injection volumes.

ITEM 65 – MINIMUM DELIVERY QUANTITIES

Except as otherwise provided by an individual tariff, as may be issued or subsequently reissued by Carrier, a minimum delivery from any Batch may be made as follows:

- (1) Except as otherwise provided, a minimum of 12,500 Barrels of Crude Petroleum must be delivered to a single Destination, or
- (2) Any quantity of Crude Petroleum may be delivered to a Destination provided that the Carrier can consolidate such consignment with other Crude Petroleum so that the total volume is 12,500 or more Barrels of Crude Petroleum consigned to the same Destination by the same or other Shippers, or
- (3) Any quantity of Crude Petroleum may be delivered to a Destination provided that the Carrier can consolidate such consignment with other Crude Petroleum so that the total volume is 5,000 or more Barrels of Crude Petroleum consigned to the same Destination by the same or other Shippers and further provided that the Carrier can consolidate the 5,000 Barrels with 12,500 or more Barrels of the same specifications consigned by the same or other Shippers to a Destination on the same line situated beyond the Destination to which the 5,000 Barrels are destined.

ITEM 70 – ORINATION FACILITIES

Crude Petroleum shall be accepted for Transportation only at Origin points established by the Carrier in currently effective rate tariffs which reference these rules and regulations. Carrier does not provide storage or other facilities at points of Origin. Crude Petroleum will be received only from pipelines, tanks or other facilities that are provided by Shipper. Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks and/or metering facilities required to be provided by Shipper at the point of Origin in order to meet the operating requirements established by Carrier at such points. Carrier will not accept Crude Petroleum for Transportation unless equipment and facilities have been furnished by the Shipper that are satisfactory to the Carrier which are capable of Tendering Crude Petroleum to Carrier at adequate pressures and flow rates to avoid delay or congestion on Carrier's System.

ITEM 75 – DESTINATION FACILITIES

Crude Petroleum shall be accepted for Transportation only when Tendered for shipment to Destination points established by the Carrier in currently effective rate tariffs which reference these rules and regulations. Carrier does not provide storage or other facilities at Destination points. Crude Petroleum will be delivered only to pipelines, tanks or other facilities that are provided by Shipper or Consignee. Carrier will determine and advise Shipper or Consignee of the size and capacity of pipelines, tanks and/or metering facilities required to be provided by Shipper or Consignee at the Destination point in order to meet the operating requirements established by Carrier at such points. Carrier will not accept Crude Petroleum for Transportation unless equipment and facilities have been furnished by the Shipper or Consignee which are satisfactory to the Carrier which are capable of receiving Crude Petroleum at the Destination point from Carrier at adequate pressures and flow rates as to avoid delay or congestion on the Carrier's System.

In the event Shipper or Consignee fails to provide adequate facilities at the Destination for receipt as provided in this Item 75 or fails to accept delivery of a shipment on a timely basis, Carrier shall have the right, on 24 hours' notice, to divert the shipment, subject to the rates, rules and regulations applicable from the Origin point to actual final Destination, or make whatever arrangements for disposition as are deemed appropriate to clear the Carrier's facilities, including the right of private sale for the best price reasonably obtainable given the distressed nature of the inventory.

The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and other lawful charges and necessary expenses of the sale and any expense incurred in maintaining the Crude Petroleum inventory until disposed of and any costs associated with the disruption caused by Shipper or Consignee's failure to accept delivery of Crude Petroleum. Any proceeds remaining shall be held for whomsoever may be lawfully entitled thereto.

When required, the Carrier shall, with or without notice to the Shipper, appoint agent(s) to retain possession of the Shipper's Crude Petroleum on behalf of the Carrier for the purpose of enforcing this Item 75.

ITEM 80 – WARRANTY OF TITLE

The act of delivering Crude Petroleum into Carrier's pipeline for Transportation shall constitute a warranty by Shipper that Shipper has unencumbered title thereto and that unencumbered title shall

remain with Shipper until such Crude Petroleum is delivered out of Carrier's pipeline.

By Tendering Crude Petroleum, the Shipper warrants and guarantees that it has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for Transportation shall not be deemed a representation by Carrier as to title.

The Carrier shall have the right to reject any Crude Petroleum when Tendered for shipment which may be involved in litigation, the title of which may be in dispute, or which may be encumbered by lien or charge of any kind. Further, Carrier may require Shipper's proof of perfect and unencumbered title or a satisfactory indemnity bond.

In addition, Shipper shall not cause or permit any lien, security interest or other form of burden be filed or created with respect to Crude Petroleum in Carrier's possession, except for the lien created in favor of Carrier under Item 140 of this tariff.

ITEM 85 – MEASURING, TESTING AND DEDUCTIONS

The Carrier shall gauge or meter, or cause to be gauged or metered, a Shipper's Crude Petroleum upon receipt and delivery by the Carrier. All measurements and tests shall be determined by Carrier, but Shipper and Consignee or their representatives may be present to witness them.

The volume of Crude Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by gauge. If tank gauges are used, the volume of Crude Petroleum shall be computed from tank tables computed on a 100 percent volume basis. The Carrier shall have the right to enter the premises where Crude Petroleum is received or delivered by the Carrier and shall be granted access to all facilities for the purpose of gauging or metering and to make any examination, inspection, sampling, measurement or test as required by the Carrier to verify the accuracy of such facilities and the quality of such Shipper's Crude Petroleum.

The Carrier shall correct the density and volume of Crude Petroleum received and delivered by the Carrier from the actual observed temperature of such Crude Petroleum to 60 degrees Fahrenheit by use of API Manual of Petroleum Measurement Standards (MPMS) Chapters 11.1 and 12.2, or the latest revision to such. The Carrier shall correct the metered volume of Crude Petroleum for compressibility by the use of MPMS Chapters 11.1 or 12.2, or the latest revision to such. The Carrier shall determine the percentage of sediment and water in Crude Petroleum by the use of a centrifuge or other method the Carrier deems appropriate. The Carrier shall deduct the amount of sediment and water from the corrected volume of such Crude Petroleum. The Carrier shall, as deemed necessary by the Carrier, adjust the measured volume of Crude Petroleum for shrinkage in accordance with MPMS Chapter 12.3, or the latest revision to such. The results of all such gauging, metering and testing by the Carrier shall be final. The Carrier shall deduct, as allowance oil, 0.2 percent of the volume of Crude Petroleum Tendered by the Shipper as measured at the custody receipt point to cover losses inherent in the Transportation of Crude Petroleum by the pipeline.

All receipts of Crude Petroleum having an API gravity of 50 degrees or above shall also be subject to a deduction to cover shrinkage and evaporation. Such deduction shall be determined in accordance with the following table:

API Gravity, Degrees	Deduction For Incremental Evaporation & Shrinkage
50.0 through 54.9	0.5%
55.0 through 64.9	1.0%
65.0 through 74.9	1.5%
75.0 and above	2.0%

~~[C]After consideration of all of the factors set forth in this Item 85, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.~~

ITEM 90 – EVIDENCE OF RECEIPTS AND DELIVERIES

Crude Petroleum received from a Shipper and Crude Petroleum delivered to Shipper or Consignee shall, in each instance, be evidenced by Carrier tickets or statements containing data essential for the determination of quantity.

ITEM 95 – LIABILITY

Carrier will not be liable for any loss of Crude Petroleum while in the possession of Carrier or for any delay in receiving or delivering Crude Petroleum, including any damages associated therewith, if caused by any of the following: Act of God, a strike or labor dispute, damage by the elements, storm, flood, fire, explosion, electrical blackout, corrosion, third-party damage to Carrier's System, rebellions, insurrection, breakage or accident to machinery or equipment, act, regulation, or edict of any governmental authority, acts of any public enemy, quarantine, authority of law, strikes, riots, requisition by Government, war, the act or default of Shipper or Consignee, or any other cause not attributable to the gross negligence or willful misconduct of Carrier.

If a loss of Crude Petroleum occurs, as identified above, during the movement of a Shipper's Segregated Batch, then the Shipper shall bear the entire loss, damage or delay that occurs.

If such loss of Crude Petroleum occurs involving several Segregated Batches or Common Stream movements, then each Shipper shall share such loss in the proportion that the amount of Crude Petroleum in the custody of Carrier for the account of such Shipper in such System immediately before the loss occurred, bears to the total amount of Crude Petroleum in the custody of Carrier in such System immediately before the loss occurred.

In either case, Carrier will be obligated to deliver only that portion of Crude Petroleum remaining after such loss. Transportation charges will be made only on quantities of Crude Petroleum delivered.

If Crude Petroleum is lost while in the custody of Carrier due to the gross negligence or the willful misconduct of Carrier, Carrier may obtain and deliver to the Shipper or Consignee thereof other Crude Petroleum of the similar quantity and quality as that which was lost. Carrier shall not, however, be obligated to do so; rather Carrier may compensate Shipper for such loss (less deductions) in money. The dollar value of such loss shall be based upon the reasonable market price for Crude Petroleum of similar gravity and quality in effect on the date the Crude Petroleum

was lost.

Carrier shall not be liable for the discoloration, commingling, contamination, or deterioration of Crude Petroleum transported unless same is caused by the gross negligence or willful misconduct of Carrier. Carrier's liability to Shipper or Consignee for any claim of negligence or other loss shall be limited to the value of the Crude Petroleum transported and related transportation charges. In no event shall Carrier be liable for any indirect, special, incidental or consequential damages, lost profit or other economic loss.

Notwithstanding anything to the contrary contained in this tariff, neither Shippers nor Carrier will be liable or responsible to the other person or such other persons' affiliates for any consequential, incidental, or punitive damages (including loss of profits or revenues) incurred by such other persons or their affiliates that arise out of or related to this tariff, regardless of whether such claim arises under or results from contract, tort or strict liability.

ITEM 100 – DUTY OF CARRIER

The Carrier holds itself out solely to receive Crude Petroleum from an established Origin point, as defined in its tariffs and identified in the Shipper's Nomination; transport this Crude Petroleum with reasonable diligence over pipelines owned or operated by Carrier in common carriage in a manner consistent with the efficient and economic operation of its System; and deliver the net quantity of Crude Petroleum, as defined by this tariff, at a Destination point established in the Carrier's tariffs, as identified in the Shipper's Nomination.

ITEM 105 – PIPEAGE CONTRACTS REQUIRED

Separate pipeage contracts in accordance with this tariff and these regulations covering further details may be required of a Shipper before any duty to transport shall arise.

ITEM 110 – LIABILITY FOR NON-COMPLIANCE WITH TARIFF

Any Shipper or Consignee who does, or permits to be done, any act, matter or thing that violates the terms of this tariff shall be liable to Carrier only for actual losses, damages, or injuries caused thereby or resulting there from.

A Shipper shall indemnify the Carrier for any damage, loss, costs or consequential loss incurred by the Carrier or any other party as a result of such Shipper's failure to comply with any provision of this tariff.

ITEM 115 – RATES APPLICABLE

The rate that shall apply to the Transportation of the Crude Petroleum shall be the rate in effect on the date the Crude Petroleum is received by Carrier at Origin for Transportation. Likewise, the rules and regulations which shall govern the Transportation of the Crude Petroleum shall be the rules and regulations in effect on the date the Crude Petroleum is received by Carrier for Transportation.~~[C]Transportation and all other lawful charges will be assessed on the net balance of Crude Petroleum as determined in the manner provided in Item 85.~~

ITEM 120 – CHARGES FOR SPILL COMPENSATION ACTS AND REGULATIONS

In addition to the transportation 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 the Carrier in connection with such Crude Petroleum 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 Crude Petroleum within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or reimbursement of persons sustaining such costs or losses therefrom. Carrier will post all such charges in its tariffs.

ITEM 125 –PAYMENT OF TRANSPORTATION RATES AND OTHER CHARGES

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

If any charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one hundred twenty-five percent (125%) of the prime rate as quoted by a major New York bank as of the due date or the maximum finance charge rate allowed by law, whichever is less.

In the event Shipper fails to pay any charges when due, Carrier shall have the right, until such payments, including interest, are made in full, to: (i) refuse to provide Shipper access to Carrier's pipelines or provide services pursuant to Carrier's tariffs, (ii) offset the current and future amounts owed by Shipper against any amounts Carrier owes to shipper, and (iii) exercise any other rights and remedies granted under this tariff or existing under applicable law.

ITEM 130 – FINANCIAL ASSURANCES

At any time, upon the request of the Carrier, any prospective or existing Shipper shall provide information to the Carrier that will allow the Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise from the Transportation or other handling of that Shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation or other charges. The Carrier shall not be obligated to accept Crude Petroleum for Transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide the requested information to the Carrier within ten (10) days of the Carrier's written request, or if the Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise from the Transportation of that Shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation and other charges.

Carrier, upon notice to the Shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to the Carrier, to be provided at the expense of the Shipper: (i) prepayment; (ii) a letter of credit in favor of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to the Carrier, in a form and from an institution acceptable to Carrier; (iii) a guaranty in an amount sufficient to ensure payment of all such costs and charges that could reasonably accrue due to the Carrier, in a form and from a third party acceptable to Carrier; or (iv) such other enforceable collateral security, including but not limited to security interests in the assets of the Shipper, in a form acceptable to the Carrier (“the Financial Assurances”).

In the event that the Carrier reasonably determines that: (i) the existing or prospective Shipper’s financial condition is or has become impaired or unsatisfactory; or (ii) any Financial Assurances previously provided by a Shipper no longer provide adequate security for the performance of the Shipper’s obligations that could arise from the Transportation of its Crude Petroleum under the terms of this tariff; or (iii) the Carrier otherwise determines that it is necessary to obtain Financial Assurances from the Shipper, then the Shipper shall provide sufficient Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the Transportation of the Shipper’s Crude Petroleum by the Carrier.

ITEM 135 – PAYMENT PRIOR TO DELIVERY

Carrier may require a Shipper or Consignee to pay charges, transportation charges, fees and other lawful charges accruing to or due Carrier by Shipper or Consignee, including, but not limited to, overdue transportation charges, penalties, interest and late payment charges, before making delivery of the Crude Petroleum if it appears that the value of the Crude Petroleum remaining in the custody of Carrier for Shipper’s account after making such delivery will not exceed the total of all such charges.

ITEM 140 – LIENS

Carrier shall have a self-executing lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all transportation or any other charges that are owed to Carrier. Such lien shall take effect at the point of Origin as the Crude Petroleum is received into Carrier’s System and shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum, including Shipper’s Working Stock, in Carrier’s possession beginning with Shipper’s first receipt of Transportation or other services from Carrier. Shipper agrees to execute such additional documents as may be reasonably necessary to perfect or evidence such lien. If a bill of lading is required under applicable law for such a lien to arise, acceptance of the Nomination will be deemed to be the bill of lading for all Crude Petroleum, including Shipper’s Working Stock, subject to such Nomination. The lien provided herein shall be in addition to any and all other rights and remedies Carrier has at law or in equity.

If charges for the Transportation of Shipper's Crude Petroleum remain unpaid for ten (10) business days after notice of demand for payment of such charges is sent to such Shipper by Carrier, Carrier shall have the right to remove and sell any or all of such Shipper's Crude Petroleum that is in the possession of Carrier in such lawful manner as deemed appropriate by Carrier. Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself all transportation and other lawful charges and necessary expenses of the sale and any expense incurred in

maintaining the Crude Petroleum inventory until disposed of and any costs associated with the disruption caused by Shipper's failure to pay charges. Any proceeds remaining shall be held for whomsoever may be lawfully entitled thereto.

ITEM 145 – TIME LIMITATION OF CLAIMS

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

ITEM 150 – WORKING STOCK

- (a) Each Shipper shall supply its quantity of Working Stock by types and volumes as reasonably determined from time to time by Carrier and provided for in the Nomination, or Binding Nomination if applicable, given in accordance with Item 55 each month. Title to Working Stock provided by a Shipper shall remain with such Shipper.
- (b) In the event a Shipper fails to supply the Working Stock volumes as requested by the Carrier pursuant to this Item 150, Carrier may obtain the deficient Working Stock volumes on such Shipper's behalf, and such Shipper shall pay for all charges incurred by Carrier to obtain the deficient Working Stock volumes upon receipt of Carrier's invoice therefor.
- (c) Subject to Carrier's operating conditions, Working Stock provided by a Shipper may be withdrawn after not less than sixty (60) days' advance written notice to Carrier of Shipper's intention to discontinue shipments of volumes through Carrier's System. The redelivery period for Working Stock shall be subject to Carrier's reasonable operating conditions.

ITEM 155 – APPLICATION OF RATES FROM/TO INTERMEDIATE POINTS

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

EXPLANATION OF REFERENCE MARKS

[C] Cancel

EXPLANATION OF ABBREVIATIONS

API American Petroleum Institute
ASTM American Society for Testing and Materials
CT Then-prevailing time in the Central Time Zone
F.E.R.C. Federal Energy Regulatory Commission
No. Number
U.S. The United States of America