

Crescent Midstream, LLC
RULES AND REGULATIONS TARIFF
GOVERNING THE TRANSPORTATION OF
CRUDE PETROLEUM
BY PIPELINE
GENERAL APPLICATION

The Rules and Regulations published herein apply only under tariffs which make specific reference by L.P.S.C. number to this tariff; such reference shall include successive issues hereof. Carrier will accept and transport Crude Petroleum offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff, except that specific rules and regulations published in individual tariffs making reference hereto will take precedence over the Rules and Regulations in this tariff.

[N] Notice to Shippers: This tariff is being issued to implement a Nomination Integrity Program as set forth in Item 61 hereof, and brings forward the Rules and Regulations otherwise unchanged from Crescent Midstream, LLC's Tariff L.P.S.C. 25.4.

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Explanation of Reference Marks:

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RULES AND REGULATIONS**5. DEFINITIONS**

API – American Petroleum Institute.

API Gravity – Gravity determined in accordance with ASTM designation and expressed in degrees (°).

Assay – A laboratory analysis of Crude Petroleum to include API Gravity, Reid vapor pressure, pour point, sediment and water S & W content, sulfur content, viscosity at one hundred degrees (100°) Fahrenheit and other characteristics as may be required by Carrier.

ASTM – American Society for Testing Materials.

Barrel – Forty-two (42) United States gallons of Crude Petroleum at a temperature of sixty degrees (60°) Fahrenheit and either zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

Common Stream – Crude Petroleum that is moved through the System and is commingled or intermixed with other Crude Petroleum.

Carrier – Crescent Midstream, LLC and other pipeline companies that may, by proper concurrence, be parties to any joint tariff or tariffs incorporating these rules and regulations by specific reference.

Connecting Carrier – A pipeline company with pipeline facilities connecting to the System.

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

Crude Petroleum – The direct liquid hydrocarbon products from oil wells, or a mixture of the direct liquid hydrocarbon products of oil wells with the Indirect Liquid Products as provided in Item 25.

Gross Standard Volume – Volume corrected to a temperature of 60 degrees (60°) Fahrenheit in accordance with the latest API/ASTM measurement standards, and at equilibrium vapor pressure.

Indirect Liquid Products – Liquid products (including without limitation natural gasoline, liquid natural gases and liquified petroleum gases) resulting from operation on platforms of natural gasoline recovery plants, gas recycling plants or condensate or distillate recovery equipment, or a mixture of such products; often referred to simply as “indirect products.”

Net Standard Volume – Gross Standard Volume less deductions for impurities shown by tests made by Carrier prior to receipt into the System.

Nomination – An offer by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from one or more specified origin or origins on the System to one or more specified destinations on the System in accordance with these rules and regulations.

psia – pounds per square inch absolute.

S & W – Basic sediment, water and other impurities.

Segregated Batch – A volume of Crude Petroleum, having specific identifiable characteristics, which is moved through pipeline facilities in a manner that preserves its identity.

Shipper – A party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of this tariff, and who is recognized as having title to Crude Petroleum in Carrier’s custody.

System – The pipeline(s) that Carrier owns an interest in, or operates, and to which the rules and regulations stated herein apply.

10. SHIPMENT QUALITY

- A. Carrier may accept Crude Petroleum for transportation in a Segregated Batch contingent upon and subject to the conditions set forth in Item 20 are satisfied.
- B. Crude Petroleum shall not exceed 11 psia true vapor pressure at the receiving temperature, independent of API Gravity.
- C. Crude Petroleum shall not contain more than three percent (3%) of S & W and shall not have a temperature in excess of one hundred twenty degrees (120°) Fahrenheit. For each one-tenth percent (0.1%) of S & W by which any Crude Petroleum received by Carrier from Shipper exceeds one percent (1%), Carrier shall collect a charge of one and one-half cents (\$0.015) per Barrel (as measured for Gross Standard Volume), in addition to all other applicable tariff fees.
- D. S & W limitations of a Connecting Carrier may be imposed upon Shipper when such limits are less than in Item 10.C, in which case the limitations of the Connecting Carrier will be applied.

- E. Carrier will not accept blends of Crude Petroleum containing any of the following: waste oils, lube oils, crankcase oils, PCBs or dioxins.
- F. Carrier may, but is not obligated to, accept Crude Petroleum for transportation that does not meet the specifications in Item 10.C (or, as applicable, Item 10.D) due to operational circumstances (for example, offshore well maintenance or production facility upsets), emergencies or events of force majeure. In such case, however, Shipper must notify Carrier fully, in writing, of the characteristics of such Crude Petroleum and Shipper must provide, in writing to Carrier, an assumption of all liability and damages and agree to hold Carrier harmless from and against any loss, cost, damage or disadvantage to other Shippers, other pipelines, terminals and other downstream facilities, including Connecting Carriers, and to Carrier, arising from such transportation.
- G. Carrier reserves the right to reject for transportation Crude Petroleum where gravity, viscosity, pour point, and other characteristics are such that it is not readily susceptible to transportation through the System and cannot be accommodated in Carrier's related facilities. Notwithstanding the foregoing, the Shipper who introduced into Carrier's System Crude Petroleum that does in any way not comply with the above conditions is liable to Carrier for all consequences of transportation by Carrier of such Crude Petroleum, including but not limited to, damages, costs and expenses of disposal, costs and expenses necessary to return the Carrier's System facilities to service, claims for liability, loss, costs, expense, damages from other Shippers, Connecting Carriers, third parties or users of the non-complying Crude Petroleum, and the costs of any regulatory or judicial proceeding. Shipper's delivery of Crude Petroleum to the System pursuant to this tariff shall evidence Shipper's agreement to fully indemnify, defend and hold Carrier harmless from any and all such claims, liabilities, losses, costs, expenses and damages.
- H. If, upon investigation, Carrier determines that a Shipper has delivered to the System Crude Petroleum that has been contaminated by the existence of and/or with excess amounts of objectionable substances (including without limitation, chlorinated and/or oxygenated hydrocarbons, methanol, arsenic, lead, and/or other metals, naturally occurring radioactive materials), 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. Carrier is not responsible for monitoring receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum delivered into the System. Disposal of such contaminated Crude Petroleum by Carrier may be made in any reasonable commercial manner, including but not limited to commercial sales. Any and all loss (including lost revenues), cost, liability or expense for damages that are caused to Carrier, the System or third parties which are related to, resulting from or arising out of contaminated Crude Petroleum delivered into the System, and any and all loss, cost, liability, damage or expense incurred by Carrier associated with the disposal of any such contaminated Crude Petroleum, shall be borne by the Shipper introducing the contaminated Crude Petroleum into the System. Shipper's delivery of Crude Petroleum to the System pursuant to this tariff shall evidence Shipper's agreement to fully indemnify, defend and hold Carrier harmless from any and all such losses, costs, liabilities, damages and expenses.

- I. Before Carrier will accept Nominations from a potential Shipper seeking to transport Crude Petroleum on the System, such potential Shipper may be required to provide to Carrier a complete, industry-accepted Assay of the Crude Petroleum it intends to ship. Carrier shall have the right to make the Assay available to other Shippers upon request. Submission of the Assay to Carrier is evidence of the potential Shipper's consent to release the Assay to other Shippers, potential Shippers and Connecting Carriers.

15. COMMON STREAM OPERATION

Crude Petroleum will be accepted for transportation only on condition that it may be subject to such changes in gravity or quality while in transit as would result from its mixture with other Crude Petroleum in the System or tanks of the Carrier. Each Shipper agrees that Carrier shall not be liable for any such changes or for any claims of loss or damage arising out of or relating to any such changes. Carrier shall be under no obligation to deliver the identical Crude Petroleum received but may make delivery out of the System's Common Stream.

16. QUALITY BANK

Because of the commingling that takes place in the Common Stream, all Shippers may be required to participate in a Carrier-managed quality bank, as determined by Carrier, as a condition of transportation on the System. A fee of \$0.00536 per Barrel, to increase annually by an additional four percent (4%) effective January 1st of each year, in addition to all other applicable tariff fees, will be assessed to cover costs for administration of the quality bank for Shippers.

20. SEGREGATED BATCH OPERATIONS

Upon request, and in Carrier's sole discretion, Carrier may accept Crude Petroleum for segregated transportation, provided that and conditioned upon:

- A. Carrier (and Connecting Carriers, if applicable) has facilities available to segregate such Crude Petroleum while in transit and at destination, and
- B. Carrier shall not be liable to Shipper or any Consignee for changes in the quality or other characteristics of such grade of Crude Petroleum while in transit, and
- C. The interface generated between Segregated Batches shall be allocated equitably between those shipments that precede and follow the interface, and
- D. Unless specified otherwise in the applicable tariff, the rate shall be 135% of the established rate for Common Stream service.

25. SHIPMENTS CONTAINING INDIRECT LIQUID PRODUCTS

- A. Mixed shipments of the direct liquid products of oil wells and Indirect Liquid Products may be accepted for transportation, provided that the vapor pressure of the resulting mixture does not interfere with the safe and efficient operation of the System or create any exceedances of the regulated or permitted operating conditions of the System.
- B. The Reid vapor pressure of mixed shipments of Indirect Liquid Products and Crude Petroleum shall not exceed 8.0 psia if such shipments have an API Gravity of 34.9° or less and otherwise shall not exceed 10.0 psia; except that Carrier reserves the right to limit the Reid vapor pressure of such shipments to such lower levels as Carrier may determine necessary for the safe and efficient operation of the System, or to conform to requirements established by applicable Connecting Carriers. The true vapor pressure of such shipments shall not exceed 11 psia at the receiving temperature, independent of gravity.

30. 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 Crude Petroleum to be transported.

35. STORAGE

In the event Carrier has tankage incidental to transportation of Crude Petroleum, capacity permitting, and at Carrier's sole discretion, Carrier may offer provisions for in-transit storage to a limited extent. Carrier will inform all interested parties of the terms and conditions for such storage upon written request. Carrier may require Shipper to execute a suitable pipeage agreement to document the terms and conditions for such storage.

40. RECEIPT FACILITIES REQUIRED

Carrier will receive Crude Petroleum from Shippers at origin points at which Shipper has title, transportation or storage rights. Crude Petroleum will be received only from production platforms, pipelines, tanks or other facilities that are provided by a producer or a Shipper. Carrier will determine and advise producers and Shippers of the size, capacity and operating restrictions of pumps, pipelines, tanks, metering facilities and telecommunications equipment required to be provided by the producer or Shipper at the point of receipt to permit the safe and efficient operation of the System. Carrier will not accept Crude Petroleum for transportation unless such facilities have been designed, constructed, maintained and operated in a manner that meets applicable regulatory and industry standards and are compatible with the System.

Where Crude Petroleum is received at origin points where custody transfer is determined by hand-gauged tank levels, Carrier may require the installation of an approved Lease Automatic Custody

Transfer (LACT) meter for custody transfer measurement. If no such LACT meter is installed and Carrier nonetheless agrees to accept such Crude Petroleum, Shipper will be subject to a surcharge of \$2,000 per gauging in addition to all other applicable tariff fees.

Where Crude Petroleum to be shipped requires transportation in a Segregated Batch, Shipper or its Consignee shall provide tankage to meet minimum Nomination requirements as provided in Item 60 at a point where the System is available for receipt and transportation of such Segregated Batches.

45. DESTINATION FACILITIES REQUIRED

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

If Shipper, or its Consignee, is unable or refuses to receive Crude Petroleum as it arrives at destination, Carrier shall have the right to make arrangements for disposition of the Crude Petroleum as it deems appropriate in order to maintain the safe and efficient operation of the System. All expenses incurred by Carrier in making such arrangements shall be borne by Shipper. Shipper (and not Carrier) shall be responsible for any collateral or consequential damages or losses sustained by Shipper, producers, refiners, other shippers, Consignee(s) or Connecting Pipeline as a result of Carrier's exercise of this right.

50. NOTICE OF DELIVERY, DEMURRAGE

Carrier may, at any time after receipt of a consignment of Crude Petroleum and upon 24-hour notice to Shipper (or its Consignee), begin delivery of Crude Petroleum at Carrier's then current rate of pumping consistent with the System's capacity. Commencing after the first seven o'clock a.m. after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or its Consignee; the demurrage charge will be one-half cent (\$0.005) per Barrel per day for each day of 24 hours or fractional part thereof. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be no greater than that of warehouseman only.

55. NOMINATIONS

All Shippers desiring to ship Crude Petroleum through the System shall provide Carrier, in writing, with the following information required by Carrier to schedule and dispatch each shipment of Crude Petroleum: the kind, quantity, origin point, sequence of delivery, destination point and Consignee of each proposed Crude Petroleum shipment. Nominations must be received by the Final Nomination deadline. The Final Nomination deadline is 3:00 p.m. (Central Time) on the

twentieth (20th) day of the month preceding the month during which transportation under the Nomination is to begin. When the twentieth (20th) day of the month falls on a weekend or a holiday, the Final Nomination deadline is 3:00 p.m. (Central Time) on the workday immediately preceding the twentieth (20th) day of the month.

Nominations or changes in Nominations received after the Final Nomination deadline will be accepted only in writing, and accommodated only if space is available and the additional or changed Nominations do not impair the movement of Crude Petroleum nominated prior to the Final Nomination deadline.

All Nominations must specify a final destination.

In the event that total Nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be apportioned as set forth in Item 77.

60. NOMINATIONS, MINIMUM QUANTITY

Nominations for the transportation of Crude Petroleum shall be in quantities consistent with the minimum volume requirements of the downstream Connecting Carrier(s).

[N] 61. NOMINATION INTEGRITY PROGRAM

To improve ratatability of Crude Petroleum originations and deliveries, fees may be assessed on a per Shipper basis to discourage major changes in nominations. Such fees may be assessed in conformity with the terms and conditions set forth below.

A. Definitions for purposes of Item 61:

Change Fee Begin Date – the date that coincides with the day in which Final Nominations are made by Shipper.

Confirmed Nomination Date – nominations are confirmed by the Carrier on the twenty fifth (25th) day of the month preceding the month during which transportation under the Nomination is to begin. When the twenty fifth (25th) day of such preceding month falls on a weekend or a holiday, the Confirmed Nomination will occur on the workday immediately preceding the twenty fifth (25th) day of the month.

Cycle Begin Date – the first day of the month in which the Confirmed Nomination is to begin for the first Crude Petroleum Shipment within a Cycle.

Cycle End Date – the last day of the month in which the Confirmed Nomination is to end, which is the date of the conclusion of the Shipper's final Crude Petroleum Shipment from any origin location in each Cycle.

Final Nominations – nominations submitted by 3:00 p.m. (Central Time) on the twentieth (20th) day of the month preceding the month during which transportation under the Nomination is to begin. When the twentieth (20th) day of the month falls on a weekend or a holiday, the final Nomination deadline is 3:00 p.m. (Central Time) on the workday immediately preceding the twentieth (20th) day of the month.

Gross Nomination Change Value – the absolute difference between the sums of the nomination volumes for Crude Petroleum at all System origin locations recorded by Carrier at the end of the first and last days of the Change Fee Periods.

Shipment – A volume of Crude Petroleum offered to Carrier at a point of origin for transportation through Carrier's System to designated delivery locations.

- B. Nomination change fees per Shipper shall be applicable to changes in the sum of the volumes nominated per Shipper for all Crude Petroleum at all System origin locations.
- C. Fees shall be calculated on the basis of the Change Fee Begin Date, Cycle Begin Date, and Cycle End Date.
- D. There shall be three (3) Change Fee Periods during which nomination change fees shall be assessed:
 - 1. Change Fee Period 1 shall commence on each Change Fee Begin Date and shall end on each Confirmed Nomination Date.
 - 2. Change Fee Period 2 shall commence on each Confirmed Nomination Date and shall end on each Cycle Begin Date.
 - 3. Change Fee Period 3 shall commence on each Cycle Begin Date and shall end on each Cycle End Date.
- E. For each Change Fee Period, the Gross Nomination Change Value shall be the absolute difference between the sums of the nomination volumes for Crude Petroleum at all System origin locations recorded by Carrier at the end of the first and last days of the Change Fee Periods.

Nomination change fees shall be applied to the positive difference of the Gross Nomination Change Values less the greater of twenty-five thousand (25,000) barrels or twenty (20) percent of the nomination volume recorded on the first day of each Change Fee Period. Nomination change fees shall be assessed as follows:

- 1. Three (3.0) cents per barrel for Change Fee Period 1; and,
- 2. Four (4.0) cents per barrel for Change Fee Period 2; and,
- 3. Five (5.0) cents per barrel for Change Fee Period 3.

- F. All nomination change fees that would otherwise be assessed within an affected Cycle shall not be assessed in the event that Carrier:
1. Allocated Shipments; or
 2. Disrupts shipping schedules to accommodate System maintenance; or
 3. Disrupts shipping schedules in response to delays caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, or floods, and/or other event of force majeure.

65. TITLE

Carrier shall have the right to reject any Crude Petroleum that, when nominated or consigned to Carrier for transportation, may be involved in litigation, may have title in dispute or may be encumbered by a lien, encumbrance or charge of any kind. By nominating and consigning Crude Petroleum to Carrier for transportation, Shipper warrants and guarantees that it has unencumbered title thereto or the right to cause the Crude Petroleum to be transported and that unencumbered title or right remains in effect throughout the movement covered by this tariff, and further and agrees to indemnify, defend and hold harmless Carrier from and against any and all loss, cost, liability, damage and expense resulting from failure of title thereto or encumbrance thereof; provided that acceptance for transportation shall not be deemed a representation by Carrier as to title or lack of encumbrance. Notwithstanding the foregoing, Carrier may require Shipper to provide written evidence, satisfactory to Carrier, of Shipper's perfect and unencumbered title or require Shipper to furnish an indemnity bond, satisfactory to Carrier, to protect Carrier before Carrier accepts Crude Petroleum.

70. GAUGING, TESTING AND DEDUCTIONS

- A. All Crude Petroleum shall be measured and tested by Carrier's representative, or by automatic equipment approved by Carrier, prior to, or at the time of, receipt of Crude Petroleum from Shipper. Quantities shall be determined by dynamic or static measurement methods in accordance with API standards as determined to be appropriate by Carrier. Shipper or its Consignee shall at all times have the privilege of being present or represented during testing, gauging and/or metering; however, failure of a Shipper or Consignee to have a representative present will constitute a waiver, and Shipper and any Consignee shall be bound by the information and data on Carrier's tickets or Carrier's statements created using the testing and measurement results.
- B. Quantities for receipts into and deliveries out of the System will be based on Net Standard Volumes with adjustments as follows.
- C. Corrections will be made for temperature from observed degrees Fahrenheit to sixty degrees (60°) Fahrenheit and for vapor pressure from observed pressure to 14.696 psia.

- D. The following pipeline loss allowances will be used unless specifically referenced in an associated tariff:
- i) For receipt locations where custody transfer measurement is by Lease Automatic Custody Transfer (LACT) unit or meter(s) owned by a Connecting Carrier, a deduction of twenty-five hundredths of one percent (0.25%) will be made to cover evaporation and normal losses during transportation.
 - ii) For receipt locations where custody transfer measurement is by hand tank gauge, a deduction of fifty hundredths of one percent (0.50%) will be made to cover evaporation, interface losses and normal losses during transportation.
- E. All receipts of Crude Petroleum and Indirect Liquid Products having an API Gravity of 45° or above shall also be subject to a deduction to cover the shrinkage and incremental evaporation resulting from the mixture with Crude Petroleum in Carrier's System having an API Gravity of less than 45°. Such deduction shall be determined in accordance with the following table:
- | <u>API Gravity</u> | <u>Percentage Deduction</u> |
|--|-----------------------------|
| less than 45° | None |
| equal to or greater than 45° but less than 55° | 0.5% |
| equal to or greater than 55° but less than 65° | 1.0% |
| equal to or greater than 65° but less than 75° | 1.5% |
| equal to or greater than 75° | 2.0% |
- F. After consideration of all applicable factors set forth in this Item No. 70, a net volume will be determined as the quantity deliverable by Carrier.
- G. Transportation charges will be assessed on the Gross Standard Volume received by Carrier.
- H. Any volumetric difference between receipts from Shipper and delivery to Shipper or its Consignee during a calendar month arising as a result of scheduling will be adjusted in the following month without any further liability to Carrier, taking into consideration all prior deductions applied pursuant to the rules and regulations in this tariff.

75. EVIDENCE OF RECEIPTS AND DELIVERIES

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

77. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES

- A. When more Crude Petroleum shall be nominated to Carrier for transportation than can be immediately transported on the System, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments shall be apportioned separately if necessary.
- B. Space in the System will be apportioned among “Regular Shippers” and “New Shippers” (both of which are defined in Item 77.C) as follows:
1. The capacity of the System being apportioned shall be divided by the total of all volumes nominated by Regular Shippers and the total volumes nominated by New Shippers. The resultant factor shall be the “proration factor”.
 2. Each New Shipper shall be apportioned space equal to its nominated volumes multiplied by the proration factor, except that in any month for which Carrier is apportioning capacity on the System, the capacity allocated to a New Shipper shall not result in a reduction to a Regular Shipper’s apportionment of more than ten percent of the Regular Shipper’s base period shipments.
 3. The remaining capacity shall be apportioned among Regular Shippers in proportion to their base period shipments.
- C. The “base period” is a period of twelve (12) months beginning thirteen (13) months prior to the month of allocation and excluding the month preceding the month of apportionment. A “Regular Shipper” is any Shipper having a record of movements in the System, during at least six calendar months within the base period. A “New Shipper” is a Shipper who is not a Regular Shipper. In no event will any portion of apportioned capacity to a New Shipper be used in such a manner so that it will increase the apportioned capacity of another Shipper beyond the apportioned capacity that such other Shipper is entitled to under this Item 77. Carrier may require written assurances from responsible officials of Shippers regarding use of apportioned capacity stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or any other arrangement whatsoever, make its apportioned capacity available to another Shipper, or in the event any Shipper shall receive and use any apportioned capacity from a New Shipper, then, in the month following discovery of such violation, (i) the apportioned capacity of such New Shipper will be reduced to the extent of the excess capacity made available to the other Shipper and (ii) the apportioned capacity of the other Shipper will be reduced to the extent of the New Shipper’s excess capacity used by said Shipper in violation of the provisions in this Item 77.
- D. No Nominations shall be considered beyond the volume that the nominating Shipper has ready and available for transportation. If a Shipper is unable to consign Crude Petroleum equal to the space allocated to it, Carrier will reduce that Shipper’s Nominations for the succeeding month by the amount of allocated throughput not utilized during the preceding month if apportionment is necessary. Shipper shall be responsible for all charges

associated with throughput space allocated to Shipper by Carrier regardless if utilized by Shipper.

80. LIABILITY OF CARRIER

As a condition to Carrier's acceptance of Crude Petroleum, each Shipper agrees that Carrier shall not be liable for any loss thereof, damage thereto or delay, except to the extent that liability therefor is imposed on Carrier by law. In case of loss of or damage to Crude Petroleum for which Carrier is not responsible under applicable law, Shipper shall bear the loss or damage. Where such loss or damage occurs in the System containing Crude Petroleum that is the property of more than one Shipper, each Shipper shall bear the loss or damage in such proportion as its total volume in the System bears to the total volume in the System. If Carrier is unable to accept Crude Petroleum for any reason, Carrier will not be liable for delay or damages associated with its inability to accept volumes.

85. DUTY OF CARRIER

Carrier shall not be required to transport Crude Petroleum in time for any particular market, but will use commercially reasonable efforts to transport Crude Petroleum with reasonable diligence and dispatch, considering the quality of the Crude Petroleum, the distance of transportation, the safety of operation, and other material elements. Carrier cannot commit to delivering Crude Petroleum to a particular destination at a particular time.

Carrier shall have the right to curtail or suspend the transportation of Crude Petroleum should Carrier's facilities be derated or idled to comply with pipeline safety and integrity management regulations or regulatory compliance orders, or incur material damage, destruction or loss caused by weather, accident, corrosion, any act or omission by third-parties, extraordinary event or event of force majeure, or the discovery of pre-existing conditions which preclude safe and efficient ongoing operations. Carrier shall have the right, in its sole discretion, to make restoration of service contingent upon the implementation by Carrier, and payment by affected Shippers, of general and/or selective surcharge(s), fees, or revenue arising from other agreements as set forth in Item 105, to recover Carrier's costs of response to such events or circumstances, the costs for repairing or replacing Carrier's affected facilities and the costs for making modifications Carrier deems necessary to restore pre-existing or new alternative service.

90. RATES APPLICABLE

The rate and the rules and regulations that shall apply to the transportation of Crude Petroleum shall be the rate and the rules and regulations in effect on the date the Crude Petroleum is received by Carrier for transportation.

95. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

Shipper and Consignee shall be solidarily liable for the payment of transportation charges, fees and all other lawful charges accruing to or due Carrier by Shipper or Consignee, including, but not limited to penalties, interest and late payment charges for Crude Petroleum delivered by Carrier to Consignee. All accrued charges are due upon receipt of Crude Petroleum by Carrier. At the discretion of Carrier, Shipper may be required to prepay such charges or furnish guaranty of payment in a form satisfactory to Carrier. Payments not received by Carrier in accordance with invoice terms shall bear interest at the lesser of (a) 125% of the prime rate as quoted by any major New York bank (or if such cannot be determined, 18% per annum) and (b) the maximum amount allowed by applicable law. Shipper and Consignee shall be solidarily responsible to Carrier for any attorney fees or other costs incurred in connection with the collection of payments due to Carrier. Carrier shall have a lien and privilege on all Crude Petroleum accepted for transportation to secure the payment of all charges, including demurrage charges, and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days, as computed from the first seven o'clock a.m. after written notice is mailed to Shipper of Carrier's intention to enforce its lien and privilege as herein provided, or when there shall be failure to take the Crude Petroleum at the point of destination as provided in Item 50 within five days, as computed from the first seven o'clock a.m. after expiration of the notice therein provided, Carrier shall have the right through an agent to sell said Crude Petroleum at public auction, for cash, between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four (24) hours after notice of the time and place of such sale and the quantity, general description and location of the Crude Petroleum to be sold has been published in a daily newspaper of general circulation published in the town or city where sale is to be held, and sent by facsimile or email (or other comparable means) to Shipper and Consignee. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall first pay itself for all transportation, demurrage and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and for all expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto; if the proceeds of said sale do not cover all expenses incurred by Carrier, Shipper and Consignee shall be solidarily liable to Carrier for any deficiency.

In the event that Shipper enters insolvency proceedings, Shipper shall petition the bankruptcy court to recognize Carrier as a Critical Vendor in any such insolvency proceeding. "Insolvency" shall mean that the Shipper has entered proceedings for reorganization or insolvency, whether voluntary or involuntary, or a trustee has been appointed to administer Shipper's assets, or any comparable proceedings.

100. CLAIMS

As a condition precedent to recovery for loss, damage, or delay to shipments, notice of claims in connection with a shipment must be made to Carrier in writing within six (6) months after delivery of the Crude Petroleum, or in case of failure to make delivery, then within six (6) months after a reasonable time for delivery shall have elapsed. Such claims shall include a full and detailed description of the claim, along with substantiating documentation. Furthermore, any suit at law or

in equity arising out of such timely filed claim shall be instituted against Carrier only within one (1) year from the time when the Carrier delivers, or arranges delivery of, the Crude Petroleum or, in case of failure to make or arrange delivery, within one (1) year after a reasonable time for delivery has elapsed. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the Crude Petroleum. 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, and Carrier shall be wholly released and discharged from any and all liability for claims not filed, or suits not instituted, in full conformance with this Item 100 and shall not be liable therefor in any court of law or otherwise.

105. ADDITIONAL CONTRACTS

Separate contracts covering further details, including but not limited to, revenue deficiency agreements may be required of a Shipper by Carrier in accord with applicable tariffs and these Rules and Regulations before any duty of transportation shall arise, or be reestablished (in the case of curtailment or suspension as set forth in Item 85).

110. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

For Crude Petroleum accepted for transportation from any point on the System that is not named in a particular tariff rate sheet and is intermediate to a point from which rates are published therein, Carrier will apply from such unnamed point the rate published therein from the next more distant point specified in such tariff rate sheet. For Crude Petroleum accepted for transportation to any point on the System that is not named in a particular tariff rate sheet and is intermediate to a point to which rates are published in said tariff rate sheet, the rate published therein to the next more distant point specified in the tariff rate sheet will apply.

115. DIVERSION OR RECONSIGNMENT

Subject to Item 40, diversion or reconsignment may be made without further charge if requested in writing by Shipper prior to delivery at original destination, subject to the rates, rules and regulations applicable from point of origin to point of final destination and upon condition that no out-of-line or backhaul movement will be made.

120. INTRASYSTEM TRANSFERS

Intrasystem transfers, solely between Shippers, of title to Crude Petroleum in Carrier's custody will be recognized by Carrier for a fee of \$0.05 per Barrel. The originating Shipper shall be responsible for these charges.

125. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS

Carrier will require each Shipper to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to permit the safe and efficient operation of the System. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after (1) shipments have ceased and all Shippers have notified Carrier in writing to discontinue shipments in the System, and (2) Shipper balances have been reconciled between Shippers and Carrier. Before making final delivery, Carrier, at its discretion, may require advance payment of (i) transportation charges on the volumes to be cleared from the System and (ii) any unpaid accounts receivable. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.

130. COMPENSATION FUND FEES INCURRED BY CARRIER

In addition to the transportation charges and all other charges accruing on Crude Petroleum accepted for transportation through the System, 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 Crude Petroleum as the result of any federal, state, local or other law, order, act or regulation that levies a tax, fee or other charge on the receipt, delivery, transfer or transportation of Crude Petroleum for the purpose of creating a fund for prevention, containment, cleanup and/or removal of spills and/or the reimbursement of parties sustaining loss therefrom.

135. CONNECTION POLICY

Connections to the System will be considered by Carrier only if made by formal written request to Carrier, and all such requests will be subject to the following standards and conditions.

All connections will be subject to the design requirements necessary to protect the safe, secure and efficient operation of the System in accordance with generally accepted industry standards. Carrier's approval of any request for connection will be made by Carrier in its sole determination and will also be subject to compliance with governmental regulations and applicable laws.