
R. C. T. No. 1

MID-VALLEY PIPELINE COMPANY

TEXAS LOCAL PIPELINE TARIFF

CONTAINING

RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION

OF

CRUDE PETROLEUM

The general rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include supplements thereto and reissues thereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS OIL AND GAS RULE 71, PIPELINE TARIFFS

(1) ALL MARKETABLE OIL TO BE RECEIVED FOR TRANSPORTATION

By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than two percent (2%) of basic sediment, water, or other impurities above a point six (6) inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding three thousand (3,000) barrels of petroleum in any one (1) day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the Commission may require.

(2) BASIC SEDIMENT, HOW DETERMINED—TEMPERATURE

In determining the amount of sediment, water or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of the sediment, water or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than ninety degrees Fahrenheit (90° F), except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper.

(3) "BARREL" DEFINED

For the purpose of these rules, a "barrel" of crude petroleum is declared to be forty-two (42) gallons of 231 cubic inches of gallon at sixty degrees Fahrenheit (60° F).

(4) OIL INVOLVED IN LITIGATION, ETC.—INDEMNITY AGAINST LOSS

When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of shippers an indemnity bond to protect it against all loss.

(5) STORAGE

Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five (5) days from the date of order of delivery at destination.

(6) IDENTITY OF OIL, MAINTENANCE OF

A pipeline may deliver to consignee, either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value.

(7) MINIMUM QUANTITY TO BE RECEIVED

A pipeline shall not be required to receive less than one (1) tank carload of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than five hundred (500) barrels.

(8) GATHERING CHARGES

Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation and for delivery.

(9) GAUGING, TESTING, AND DEDUCTIONS

(A) All crude oil tendered to the pipeline for transportation shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging and testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks, and adjustments shall be made for temperature from the nearest whole number degree to the basis 60° F and to the nearest 5/10 API degree gravity according with the volume correction Tables 5A and 6A contained in API Manual of Petroleum Measurement Standards, Latest Edition of Chapter 11.1, Standard 2540 American Society for Testing Materials D1250, Institute of Petroleum 200, First Edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal

or other test agreed upon; and no deduction will be made for evaporation and loss during transportation.* The net balance shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention to affect any tax or royalty obligations imposed by the laws of Texas on any producer or shipper of crude oil.

(B) The gauging and testing of oil by the pipeline representative is directed toward and intended to require tank measurement or other type measuring device when authorized by the Commission, of produced crude prior to the transfer of custody to the initial transporter from a producing property.** A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.

(10) DELIVERY AND DEMURRAGE

Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon twenty-four (24) hours notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to Section 6 of this rule, at a rate not exceeding ten thousand (10,000) barrels per day of twenty-four (24) hours. Computation of time of storage (as provided for in Section 5 of this rule) shall begin at the expiration of such notice. At the expiration of the time allowed in Section 5 of this rule for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first ten (10) days of one-tenth of one cent per barrel; and thereafter at a rate of three-fourths of one cent per barrel, for each day of twenty-four (24) hours or fractional part thereof.

(11) UNPAID CHARGES, LIEN FOR AND SALE TO COVER

A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five (5) days after notice of readiness to delivery, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than forty-eight (48) hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.

(12) NOTICE OF CLAIM

Notice of claim for loss, damage or delay in connection with the shipment of oil must be made in writing to the pipeline within ninety-one (91) days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within ninety-one (91) days after a reasonable time for delivery has elapsed.

(13) TELEPHONE-TELEGRAPH—SHIPPER TO USE

If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service.

(14) CONTRACTS OF TRANSPORTATION

When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received from transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.

(15) SHIPPER'S TANKS, ETC.—INSPECTION

When a shipment of oil has been offered for transportation the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this rule.

(16) OFFERS IN EXCESS OF FACILITIES

If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionate.

(17) INTERCHANGE OF TONNAGE

Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the Commission finds that a necessity exists for connection, and under such regulations as said Commission may determine in each case.

(18) RECEIPT AND DELIVERY—NECESSARY FACILITIES FOR

Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the Commission finds that a necessity exists therefore, and under regulations by the Commission.

*This deviates from Rule 71 (9) (A) of the General Conservation Rules in that no deduction will be made for evaporation and loss during transportation.

**This deviates from Rule 71 (9) (A) of the General Conservation Rules in that a device other than a tank may be used for measurement when authorized by the Commission.

(19) FIRES, LIGHTNING AND LEAKAGE, REPORTS OF LOSS FROM

(A) Each pipeline shall immediately notify the Commission, by telegraph, telephone, or letter, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five (5) barrels escapes. Each pipeline shall report in writing to the Commission, by the fifteenth (15th) day of each calendar month, the estimated amount of loss of oil by fire or leakage from its tanks and pipelines for the preceding month; but not including leakage or evaporation ordinarily incident to transportation.

(B) No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This rule shall not apply if the loss occurs because of negligence of the pipeline.

SUPPLEMENTAL RULES AND REGULATIONS

5. DEFINITIONS

"Barrel" as herein used will consist of forty-two (42) United States gallons at sixty degrees Fahrenheit (60°F).

"Carrier" as herein used means and refers to Mid-Valley Pipeline Company and other common carrier pipelines participating herein.

"Indirect Products" as herein used means indirect liquid products of oil and gas wells, including gasoline and liquefied petroleum.

"Nomination" as herein used means a written designation by a Shipper to Carrier of an approximate quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier over a period of one Operating Month in accordance with these Rules and Regulations.

"Operating Month" for Shipper or Transferor as herein used means any month in which Carrier either transports Petroleum or recognizes and records a change in the ownership of Petroleum for the account of such party. For purpose hereof the month shall be deemed to begin on the first day of such month at 0700 hours until the first day of the succeeding month at 0659 hours. (Central Standard or Central Daylight Savings Time, whichever is in effect on the date specified.)

"Petroleum" as herein used refers to crude petroleum which means the grade or grades of the direct virgin liquid products of oil wells or a mixture of the direct virgin liquid products of oil wells with the Indirect Products, as provided in Item No. 20.

"Shipper" as herein used means the consignor of a Tender.

"Tender" or "Tendering" as herein used means an offer of delivery by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier in accordance with these Rules and Regulations.

10. ESTABLISHMENT OF GRADES

Carrier will from time to time give notice to Shippers specifying the grades of Petroleum which it will regularly be transporting by Petroleum grades between particular origin points and destination points of Carrier.

Carrier may from time to time, after giving reasonable notice to persons who may be affected, cease to transport particular grades of Petroleum.

15. TENDERS

All Shippers Tendering Petroleum to Carrier will promptly provide Carrier with all Nomination information required by Carrier to schedule the shipment of Petroleum which Shipper desires to be made to satisfy Carrier that Tenders are in good faith and can be transported in conformance with Carrier's tariffs. Carrier may refuse to accept Petroleum for transportation until Shipper has provided Carrier with such information.

Carrier can require Tenders for the same kind and quality of Petroleum in minimum of twenty thousand barrels (20,000 bbls.) shipments consigned to the same destination point. Tenders shall become operative in the order in which they are received and accepted by Carrier. Carrier at its option and for its convenience may transport such Petroleum by intermittent pumpings.

Carrier will not be obligated to accept a Tender for any Operating Month unless the Shipper submits its Nomination, in writing, specifying the kind and quantity of Petroleum, to the Carrier on or before the twelfth (12th) day of the preceding calendar month.

20. MIXTURES

The Indirect Products will be accepted and transported as a mixture with the direct virgin liquid products, providing the vapor pressure of the resulting mixture does not exceed that permitted in Item No. 25.

The Indirect Products portion of the mixture will be accepted for transportation at reception points other than the one at which the direct virgin liquid products portion of the same mixture is received, provided that the Shipper, consignee, and destination are the same, and that operating conditions and the Carrier's facilities permit the Indirect Products portion to be mixed with the direct virgin liquid products of the same shipper or consignee. The rate to be assessed on each portion of the mixture shall be the rate applicable from the reception point at which each is received.

The direct virgin liquid products and Indirect Products will be measured and tested separately for determining volumes received. Each such measurement will be made in accordance with Item No. 40.

Mixtures will be transported and delivered as Petroleum only. Nothing in this rule is to be construed to waive provisions of Item No. 30 of this tariff or to require the Carrier to receive, transport, and deliver unmixed Indirect Products. However, unmixed Indirect Products may be transported for subsequent mixing with direct virgin liquid products in accordance with this rule where facilities exist and operations permit transporting such Indirect Products.

25. SPECIFICATIONS REQUIRED AS TO QUALITY

Carrier reserves the right to reject all Tenders when, in Carrier's sole determination (1) the vapor pressure of the Petroleum or any mixture thereof with Indirect Products exceeds twelve pounds (12 lbs.) absolute at one hundred degrees Fahrenheit (100° F.); (2) the true vapor pressure of the Petroleum or any mixture thereof with Indirect Products might result in Carrier's noncompliance with federal, state, or local requirements, regarding hydrocarbon emissions; (3) the gravity of Petroleum or any mixture thereof with Indirect Products is less than twenty degrees (20°) API (American Petroleum Institute) or greater than sixty degrees (60°) API; (4) the Petroleum contains impurities exceeding two percent (2%); (5) the settled sediment and water (S&W) bottoms in tanks where the surface of Petroleum accepted from the tank is no lower than ten inches (10") below the bottom of the pipeline connection with tank from which it enters Carrier's facilities; (6) the incrustation thickness of the internal surfaces of a tank where Petroleum accepted from a tank is above a maximum as determined by Carrier; or (7) the Petroleum has been contaminated by the presence of any excessive metals or chemicals including, but not limited to, chlorinated and/or oxygenated hydrocarbon and salt as determined by Carrier. No Petroleum will be accepted unless its gravity, viscosity, and other characteristics are such that it will be readily susceptible to transportation through Carrier's existing facilities, and it will not materially and adversely affect the quality of Petroleum from other Shippers or cause disadvantage to other Shippers and/or Carrier.

30. MIXING OF PRODUCTS IN TRANSIT

Direct virgin liquid products and Indirect Products will be accepted for transportation only on the condition that the mixture shall be subject to such changes in gravity or quality while in transit as may result from the mixture of said direct virgin liquid products and Indirect Products with other direct virgin liquid products or Indirect Products and/or with other Petroleum in the pipelines or tanks of this, or the connecting company, or companies.

Carrier has no obligation to deliver the identical Petroleum received from Shipper but may make delivery from common stock or from Carrier's pipeline stream of substantially like Petroleum.

35. ACCEPTANCE FREE FROM LIENS AND CHARGES

Carrier may decline to accept for transportation Petroleum which is involved in litigation or which is not free from liens or charges.

40. MEASUREMENT, TESTING, VOLUME CORRECTIONS AND DEDUCTIONS

All Petroleum tendered to the Carrier for transportation will be measured and tested in tanks by a representative of Carrier or by automatic equipment approved by Carrier. All measurements will be made in Barrels. Carrier only routinely will test for gravity and sediment and water as described herein. When tanks are gauged, all Petroleum will be measured, sampled and tested prior to receipt or delivery. When automatic metering and sampling equipment is used, all Petroleum will be measured and sampled during receipt or delivery and the quantity determined and tested after such receipt or delivery. Shipper or its consignee may be present or represented at any measuring and testing.

Where measurement is made in tanks, quantities will be determined from correctly compiled tank tables where the tanks are strapped and tables computed in accordance with Chapter 2, Tank Calibration, American Petroleum Institute Manual of Petroleum Measurement Standards, latest edition, indicating one hundred percent (100%) of the full capacity of the tanks. Where measurement is made by temperature compensated meters, quantities indicated will be further corrected for meter factor and for pressure in accordance with the American Petroleum Institute Manual of Petroleum Liquid Hydrocarbons by Pipeline Displacement Meters. After meter factor is applied for non-temperature compensated meters, the correction for temperature will be made as described herein.

Where Carrier uses a tank or meter of Shipper or its consignee, Carrier reserves the right to request and witness restrapping or check-strapping of the tank, proving or check proving of the meter and recalibration of any instruments affecting accurate measurements.

Except for arithmetic errors, all measurement and testing by a representative of Carrier will be conclusive evidence of the quantity as adjusted herewith if a representative of Shipper or its consignee was not present during such measuring and testing.

Adjustments from the observed gravity and volume will be made on Petroleum received or delivered for temperature on the basis of sixty degrees Fahrenheit (60° F.) in accordance with Chapter 11.1, Volume I, 5a, Generalized Crude Oils, Correction of Observed Gravity to API Gravity at 60 degrees Fahrenheit, (60° F.) American Petroleum Institute Manual of Petroleum Measurement Standards, latest edition and Table 6a, Generalized Crude Oils, Correction of Volume to 60 degrees Fahrenheit (60° F.) against API Gravity at 60 degrees Fahrenheit, (60° F.) American Society of Testing Materials D1250. Observed gravity correction will be made to the nearest one tenth degree (0.1°) API, and observed gravity temperature to be made to the nearest one degree Fahrenheit (1.0° F.). Volume adjustments will be made for the observed volume temperature at least to the nearest one degree Fahrenheit (1.0° F.), and corrected gravity will be made at least to the nearest five tenths degree (0.5°) API, to the basis of sixty degree Fahrenheit (60° F.).

Deductions will be made for the actual amount of sediment and water (S&W) as determined by the Field Centrifuge Method, as established by Carrier, in accordance with Chapter 10.4, Standard Methods of Test for Water and Sediment in Crude Oils, American Petroleum Institute Manual of Petroleum Measurement Standards, latest edition. Observed API gravity and temperature will be determined by the Open Hydrometer Test Method in accordance with Chapter 9.1, Hydrometer Test Method for Density, Relative Density (Specific Gravity), American Petroleum Institute Manual of Petroleum Measurement Standards, latest edition or API Gravity of Crude Petroleum and Liquid Petroleum Products, American Society of Testing Materials D 1298-80. The sediment and water and gravity tests will be performed by the Carrier.

If two or more carriers are involved with tendered volumes, tests are to be performed by the particular carrier as agreed between carriers.

The net balance at sixty degree Fahrenheit (60° F.) less the sediment and water (S&W) volume percentage will be the quantity received or delivered by Carrier.

45. FACILITIES REQUIRED AT ORIGIN AND DESTINATION

Petroleum will be received for transportation only when Shipper has provided facilities satisfactory to originating and delivering carriers for delivering Petroleum to the pipeline at terminal of receipt and for receiving said Petroleum as it arrives at destination.

In the event Shipper fails to provide adequate facilities for receipt at destination or has not ascertained from Carrier that it has facilities available for receipt at destination, or in the event the Shipper or its consignee refuses to accept the Petroleum at the destination point, Carrier shall have the right to divert or reconsign, subject to the rates, rules and regulations applicable from point of origin to actual final destination, or make whatever arrangements for disposition as are deemed appropriate to deliver the Petroleum from Carrier's facilities, including the right of public or private sale in a commercially reasonable manner. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and all other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Petroleum until disposed of and the balance shall be held for whomsoever may be lawfully entitled thereto.

50. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER

When Shipper or its consignee elects to deliver Petroleum to Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), Shipper or its consignee will furnish the required automatic measuring and sampling facilities. The design, construction, and calibration of such facilities must be approved by Carrier and any appropriate regulatory body.

In the event automatic custody transfer is made by a metering facility, Shipper or its consignee will also furnish whatever pumping service is required to ensure that the Petroleum being delivered through the meter is at a pressure in excess of the true vapor pressure of the liquid.

55. APPLICATION OF RATES AND CHARGES

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Item No. 40.

60. NOTICE OF ARRIVAL. DELIVERY AT DESTINATION

The obligation of Carrier is to deliver at the nominated destination the Tendered net quantity of Petroleum and such delivery may be made upon twenty-four (24) hours' notice to the Shipper or consignee with all possible dispatch into the tanks or facilities to be provided by the Shipper or its consignee.

65. PRORATION OF PIPELINE CAPACITY

If, during any period, the total volume of Petroleum nominated over any segment of Carrier's pipelines is in excess of the normal operational capacity of said segment, such Petroleum will be apportioned for acceptance and transportation on an equitable basis.

70. PAYMENT OF TRANSPORTATION AND OTHER CHARGES; FINANCE CHARGES; LIEN; SET-OFF

The transportation and all other charges accruing on all Petroleum accepted for shipment, based on the rate applicable to the destination at which delivery is made, shall be paid in accordance with invoice terms and these Rules and Regulations. Carrier, at its option, may require Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier. For Petroleum not released due to failure to pay or left in Carrier's custody after the scheduled

delivery has expired, Carrier may assess reasonable storage charges and other reasonable charges (including any reasonable attorney fees and court costs) incurred with the preservation or sale of the Petroleum.

If such 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 of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law whichever is less.

Petroleum accepted for such transportation shall be subject to a lien for all such charges or antecedent unpaid charges.

If the Petroleum remains in Carrier's custody more than thirty (30) days after the tender of delivery by Carrier, Carrier shall have the right to sell the Petroleum at a public or private sale in a commercially reasonable manner to collect such charges.

Carrier reserves the right to set-off any such charges against any monies owed to Shipper by Carrier or any Petroleum of Shipper in Carrier's custody.

75. WARRANTIES

Shipper warrants that the Petroleum tendered to Carrier will conform with the specification stated in Item No. 25, will be merchantable, and will not be contaminated. Shipper will be liable to Carrier, other Shippers or consignees for any damage, including special, incidental, and consequential, arising from a breach of this warranty. The transportation of the Petroleum may be refused or cancelled if Carrier determines or is advised that the Petroleum does not meet the requirements of Carrier's rules and regulations. In addition, if Carrier samples the Petroleum prior to or after tendered by Shipper and if contracted laboratory test results determine that the Petroleum is non-merchantable, Shipper will be liable to Carrier for the cost or costs of such tests for non-merchantable or contaminated Petroleum.

CARRIER DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, CONCERNING THE QUALITY OF THE PETROLEUM.

80. EXEMPTION OF LIABILITY

Carrier will not be liable for any loss of Petroleum or damage thereto or delay caused by an act of God, fire, explosion, storm, flood, electrical malfunction, war, rebellion, insurrection, strike, breakage or accident to machinery or equipment, difference with workmen, the public enemy, quarantine, the authority of law, riots, the act of default of Shipper or owner, or from any cause not due to fault or negligence or any cause reasonably beyond the control of Carrier. In such cases the loss allocated to Shipper shall be the quantity equal to the amount of its Tenders for the month in which such loss occurs bears to the whole amount of the line fill and tankage in the system of Carrier during the month of such loss, and Shipper shall be entitled to receive only such portion of its Tenders as remains after deducting its due proportion of the loss. Carrier's custody of the Tenders shall end when Petroleum has been delivered into Shipper's or its consignee's facilities.

Except in force majeure situations, correction of a nonconformity shall be the payment of the difference between the posted price for similar Petroleum in the area of origin and the value of the degraded Petroleum, or the replacement of the Petroleum, at Carrier's option, will constitute fulfillment of all liabilities of Carrier whether the liabilities are based on contract, negligence or otherwise. Carrier will not be liable for special, consequential or incidental damages.

85. PIPEAGE CONTRACTS REQUIRED

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

90. CLAIMS AND TIMES FOR FILING

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of the Petroleum or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Suits arising out of such claims must be instituted against Carrier only within two (2) years from the time when the Carrier delivers, or tenders delivery of the Petroleum or, in case of failure to make or tender delivery, then within two (2) years after a reasonable time for delivery has elapsed. 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.

95. DUTY OF CARRIER

Carrier shall not be required to transport Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

100. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

Carrier will receive Petroleum for pipeline transportation only from and to established origin and delivery stations or terminals.

Petroleum received from an established origin station, on Carrier's lines, which is not named in tariff making reference hereto, but which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect from the next more distant point published in the tariff.

Petroleum delivered to an established delivery station or terminal, on the Carrier's lines, which is not named in tariff making reference hereto, but which is intermediate to a destination to which rates are published in said tariffs, through such named point, will be assessed the rate in effect to the next more distant point published in the tariff.

105. RECONSIGNMENT

Change in destination, routing or consignee, from that previously specified or nominated, will be permitted on written request by the shipper (or Carrier can require change of routing to accommodate space availability in the connecting carrier,) provided the change request is received by Carrier prior to delivery at original destination. All changes pursuant to this item are subject to the rates, rules and regulations in the applicable tariffs from point of origin to the designated final destination, and provided that no out-of-line or backhaul movement will be made.

110. CORROSION INHIBITORS

Carrier reserves the right to inject or approve the injection of corrosion inhibitors in the Petroleum to be transported.

115. CONNECTION REQUIREMENTS

All proposed receiving or delivery connections must meet tender, tankage, hourly flow rate conditions, and metering requirements as they exist at the time of requested connection and must also have provisions which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by Carrier, and all costs of connections shall be paid by the connecting party.

120. COMMODITY

Carrier is engaged exclusively in the transportation of Petroleum specified and described in Item No. 25 and, therefore, will not accept any other commodities for transportation. No Petroleum will be received for shipment except good merchantable Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other shippers. Petroleum of substantially different grade or quality will be received for transportation only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

125. CHARGES FOR SPILL COMPENSATION ACTS AND REGULATIONS

In addition to the transportation charges and all other charges accruing on Petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of tax, fee, or other charge levied against the Carrier in connection with such 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 Petroleum 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.

130. COMMUNICATION FACILITIES

Shippers may use Carrier's private communication facilities without additional charges for messages incident to their shipments. Carrier will not be liable for non-delivery of messages, or errors or delays in transmission or interruption of the service.

135. RECEIPTS FROM BARGES

Dock facilities for unloading barges and receiving Petroleum therefrom for shipment under this tariff will be provided by the originating carrier at the origin point, without additional charge to Shipper, subject to the following conditions:

(a) Notice of scheduled arrival of barges must be given to the originating carrier at least forty-eight (48) hours in advance of scheduled arrival time and subject to prior commitments, dock facilities will be made available at, or as soon as possible after, the noticed arrival time. In no event shall the carriers be liable to shipper for barge demurrage or other charges in case docking is delayed.

(b) The barge tow captain or the barge crew will be responsible for berthing barges at docks, and shipper shall provide a standby tug during entire unloading operations.

(c) A barge capacity shall not be less than five thousand (5,000) barrels nor more than thirty thousand (30,000) barrels with barge dimensions not greater than three hundred (300) feet by fifty-three (53) feet. No barge storage facilities will be furnished.

(d) No barge unloading pumps will be provided and all barge tows must be equipped with pumps to unload at a minimum rate of one thousand (1,000) barrels per hour per ten thousand (10,000) barrels of cargo.

(e) Barge crews will be responsible for unloading including connecting and disconnecting unloading arms to the barge manifold.

(f) Where gauging of barge compartments before unloading and/or receiving tanks after unloading is not feasible, quantities will be determined by automatic custody transfer facilities.

140. TERMINAL SERVICES

Shipments transported under this tariff are entitled to such services and subject to such charges as are or shall be published by Carrier, providing for terminal and other services, charges or rules which in any way increase or decrease the amount to be paid on any shipment or which increase or decrease the value of the service to Shipper.