

F.E.R.C. No 482.2.0
(Cancels F.E.R.C No. 482.1.0)

MID-VALLEY PIPELINE COMPANY

LOCAL PIPELINE TARIFF

Containing

RULES AND REGULATIONS

Governing the Transportation

Of

CRUDE PETROLEUM

Filed in compliance with 18 CFR §[W] ~~342.2 (b)~~, ~~Initial Rates~~ 341.3 Form of tariff.

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

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Issued by:

[W] ~~C.E. Maser~~ Gary MacDonald, President
MID-VALLEY PIPELINE COMPANY
[W] ~~1818 Market Street, Suite 1500~~
Philadelphia, PA 19103
1300 Main Street
Houston, TX 77002

Compiled by:

[W] ~~John Snowden~~ Diane A. Daniels
MID-VALLEY PIPELINE COMPANY
[W] ~~1818 Market Street, Suite 1500~~
Philadelphia, PA 19103
~~215-977-3807~~
1300 Main Street
Houston, TX 77002
(713-989-7425)
tariffs@sunocologistics.com

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GENERAL APPLICATION

Carrier will receive, transport, and deliver Petroleum through its facilities only as provided in the rules and regulations tariff, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

**MID-VALLEY PIPELINE COMPANY
RULES AND REGULATIONS**

5. Definitions

“Barrel” as herein used will consist of forty-two (42) U.S. 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.

“FERC” as used herein means the Federal Energy Regulatory Commission or its successor agencies.

“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 [W] ~~twenty~~ twenty five thousand ([W] ~~20,000~~ 50,000) barrel 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, through Transport 4 (T4), specifying the kind, quantity, origin, and destination of Petroleum, to the Carrier on or before the fifteenth (15th) day of the preceding calendar month. Carrier will confirm such nomination not later than the twenty-fifth (25th) day of such calendar month. [N] Carrier will carefully examine Nominations, using every means available to ensure that they are true and realistic and may reject any Nominations to the extent they appear to be inflated.

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. Specification 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 nine (9.0) pounds Reid Vapor Pressure 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 non-compliance with federal, state, or local requirements regarding hydrocarbon emissions;
- (3) The gravity of the Petroleum or any mixture thereof with Indirect Products is less than twenty (20 °) degrees API (American Petroleum Institute) or greater than sixty (60 °) degrees API at sixty degrees Fahrenheit (60°F);
- (4) The viscosity of the Petroleum exceeds four hundred fifty Saybolt Universal Seconds (450 SUS) at sixty degrees Fahrenheit (60°F);
- (5) The petroleum contains impurities exceeding two percent (2%);
- (6) The settled sediment and water 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;
- (7) The incrustation thickness of the internal surface of a tank where Petroleum accepted from a tank is above a maximum as determined by Carrier;
- (8) 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. If such Petroleum is in Carrier's system before detection, Carrier will request that such Petroleum and/or impurities be removed from the Carrier's system at the Shipper's expense if such Petroleum materially and adversely affects the quality of other Shippers' Petroleum or causes disadvantage to other Shippers and/or 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 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 Carrier, 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.

36. Inventory Requirement

Carrier will require each Shipper to supply a pro rata share of Petroleum necessary for pipeline fill and efficient operation of the Carrier's pipeline system prior to deliveries to the Shipper and/or consignee. Petroleum provided by Shipper for this purpose may be withdrawn from Carrier's system only after written notice is received at least two months prior to the effective date of Shipper's intention to discontinue shipments in Carrier's system.

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 will test routinely only for gravity and sediment and water as described herein. However, Carrier may periodically test for other impurities or contaminations. 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, with sampling being done in a proportionate manner acceptable to both Carrier and Shipper. Shipper or its Consignee may be present to witness any or all parts of the measuring and testing process.

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 the *API Manual of Petroleum Measurement Standard*, 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 *API Manual of Petroleum Measurement Standards*. 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 the Shipper or its consignee, Carrier reserves the right to request and witness restrapping or check strapping of the tank, and proving or check-proving of the meter and recalibration of any instruments affecting accurate measurements.

Except for arithmetic errors or if failure of measurement systems is proven by Shipper, 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 the *API Manual of Petroleum Measurement Standards*, Latest Edition. 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 (0.5°) of one degree API, to the basis of sixty degrees Fahrenheit (60°F).

Deductions will be made for the actual amount of sediment and water (S&W) in the Petroleum. The amount of S&W will be determined by the Field Centrifuge Method, and observed API gravity and temperature will be determined by the Hydrometer Test Method, both in accordance with the *API Manual of Petroleum Measurement Standards*, Latest Edition. The S&W and gravity tests will be performed by Carrier. If disputes regarding S&W arise, the Laboratory Centrifuge Method shall be the determining method.

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

Petroleum with an API gravity of fifty (50°) degrees and higher will have a deduction made for loss and evaporation of one percent (1%). The net balance at sixty degrees Fahrenheit (60°F) less S&W and deductions for any loss and evaporation 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 reassign, subject to the rates, roles 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 whosoever 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 tree 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 [W] to Carrier's pipeline is in excess of the ~~normal operational capacity of the pipeline~~, such Petroleum Available Capacity (as defined below), such Available Capacity will be apportioned ~~for acceptance and transportation~~ on an equitable basis in the following manner:

- (a) All Nominations will be prorated by destination, regardless of the number of Shippers submitting Nominations to a destination.
- (b) As used in Item No. 65, the following additional definitions shall apply:

[N] “Available Capacity” is the total capacity of a segment of the pipeline available to transport Petroleum.

“Base Period” means the twelve (12) consecutive months ending with the second month prior to the Proration Month for which Nominations are being apportioned.

“Base Shipments” are the average monthly movements over a line segment to a destination by a Regular Shipper during the Base Period.

“Minimum Allocation” is 50,000 Barrels.

“New Shipper” is any Shipper who does not qualify as a Regular Shipper.

“Proration Month” is the calendar month for which [W] space Available Capacity is being allocated.

[W] “Calculation Month” is the calendar month just preceding the Proration Month, during which allocations for the Proration Month will be determined.

Proration Policy” means the policies and methodology set forth in this Item 65.

[C] “Base Period” is the twelve (12) calendar month period just preceding the Calculation Month. Individual months within the Base Period shall be designated by numbers 1-12, consecutively, with Month 1 being the most recent Base Period month and Month 12 being the oldest Base Period month.

“Regular Shipper” [W] is means any Shipper who had a record of movements in any one of months 4 through 12. On the allocated pipeline segment during at least 9 months of the Base Period.

[C] “New Shipper” is any Shipper who does not qualify as a Regular Shipper.

“Base Shipments” are the average monthly movements over a line segment by a Regular Shipper during the Base Period. Base Shipments will be calculated by dividing the total movements by a Regular Shipper during the Base Period by the lesser of 12, or the number of the Base Period month within which the Regular Shipper first shipped Petroleum on the line segment to be prorated.

~~(e)~~ If it appears to Carrier that it will be necessary to allocate pipeline space for an extended period of time, Carrier may request all Shippers to furnish in writing good faith monthly forecasts of volumes to be shipped by origin and destination during the forward twenty-four (24) calendar months. Carrier will carefully examine all forecasts to ensure that they are true and realistic, and will challenge any nominations which appear to be inflated.

[W] ~~(d)~~ (c) When nominated volumes for any month exceed the capacity of Carrier’s system, space In any Proration Month, Available Capacity shall be allocated among destinations and Shippers on any affected pipeline segment by the following procedure:

- 1) [W] The nominated volumes for each Regular Shipper and each New Shipper shall be totaled and divided into the line capacity. This resultant fraction will be the 'Proration Factor'; Capacity shall be allocated to Regular Shippers on such segment in proportion to their Base Shipments, for a total of up to 95% of Available Capacity. An allocation that is below the Minimum Allocation (a "Low Volume Allocation"), shall be increased to the Minimum Allocation. If such an increase is not possible due to the application of the other provisions of this Proration Policy (e.g. step #2 below), then Carrier shall be entitled to (a) accommodate the Low Volume Allocation if such an accommodation is operationally possible on a non-discriminatory basis; or (b) reject any Low Volume Allocation, in which case each Regular Shipper with a rejected Low Volume Allocation shall be eligible for participation in the lottery under step #2 below. If by operation of this step #1 any Regular Shipper is allocated an amount that is greater than its Nomination, such Regular Shipper's allocation shall be reduced to the amount of its Nomination.
- 2) [W] Each New Shipper shall be allocated capacity equal to its nominated volume multiplied by the Proration Factor. In the aggregate, New Shippers will be allocated a maximum of 5% of the Available Capacity of the allocated pipeline segment in any Proration Month, with allocations to New Shippers being on a pro rata basis to each New Shipper but not to exceed the lesser of a New Shipper's Nomination or 2.5% of Available Capacity in any Proration Month. Any Available Capacity that is potentially available for New Shipper allocations under this step #2 that is not allocated to New Shippers hereunder shall, for the avoidance of doubt, be allocated to Regular Shippers in accordance with step #1. If the pro rata allocation for New Shippers results in no New Shipper being allocated the Minimum Allocation, then Carrier will administer a lottery process for the total number of Minimum Allocations available to New Shippers in the Proration Month. A New Shipper will not be allocated capacity through the lottery process if it is: (a) an affiliate of a Regular Shipper, or (b) an affiliate of another Shipper who received an allocation through the lottery process. The lottery process will be conducted 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 fifty New Shippers, numbers one through fifty will be assigned).

B. The New Shipper assigned number one will receive the first Minimum Allocation. Thereafter, Minimum Allocations will be assigned to New Shippers sequentially, from lowest assigned number to highest assigned number, until all Minimum Allocations are fully allocated.

C. If any capacity remains available after the application of this lottery process but such remaining capacity is less than a Minimum Allocation, then such remaining capacity shall be allocated pro-rata among the New Shippers that received Minimum Allocations pursuant to this lottery process.

[W]

~~3) The remaining capacity shall be allocated by destination among Regular Shippers in proportion to their Base Shipments;~~

~~3) 4) In the event any Shipper(s) is (are) allocated more capacity than their nominated requirements, the excess of their allocation(s) over their nomination(s) will be reallocated among ~~at~~ all other Shippers in proportion to their unsatisfied requirements (i.e., each Shipper's nomination minus initial allocation).~~

[W] ~~(e)~~ (d)

If the allocated capacity awarded to a Regular Shipper or New Shipper on a prorated Pipeline segment goes unused by that Shipper ("Unused Allocation"), then that Shipper is accountable for payment of the tariff fees for the actual shipments, or 90% of the allocated capacity, whichever is greater. These charges will be waived when there exists an Unused Allocation as a result of deliveries having been reduced at the request of the Carrier. This charge only applies when the Pipeline segment is in proration. To penalize inflation of Shippers' nominations, a Shipper's space allocation for the next Proration Month will be reduced by the amount of allocated throughput not shipped in the calendar month preceding the Calculation Month.

[W] ~~(f)~~ (e)

In the event that a Regular Shipper or New Shipper releases all or any part of its allocated capacity and the Carrier is then able to solicit other Shippers to fully utilize that capacity, that Shipper's allocation will be reduced without penalty. Any Nomination which exceeds Available Capacity will be rejected by Carrier. Space allocated to a Shipper may neither be assigned to nor used for the benefit of another Shipper. Upon request of Carrier, a responsible official of a Shipper's company may be required to give assurances to Carrier that this provision has not been violated. In the event such provision is violated, the allocated space for all Shippers involved in the violation shall be reduced by the amount of the unauthorized space obtained; the reduction being effective for the next

~~month of Proration for which pipeline capacity has not previously been allocated.~~

[N] (f) Carrier will carefully examine Nominations, using every means available to ensure that they are true and realistic and may reject any Nominations to the extent that they appear to be inflated. Carrier may require written assurances from responsible officials of Shippers requesting use of allocated capacity, stating that this requirement has not been violated. In the event any 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 Available Capacity from another Shipper through violation of this Proration Policy, then the allocated capacity for both Shippers may be reduced, to the extent of the allocated capacity so made available or used, in the next Allocation Month after such violation becomes known to Carrier. In the event of sale, merger, consolidation or other material occurrence affecting a Shipper, Carrier shall make adjustments in allocations consistent with this Proration Policy.

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 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 to the specifications stated in Item No. 25, will be merchantable, and will not be contaminated. Shipper will be liable to Carrier, other Shippers and/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 canceled if Carrier determines or is advised that the Petroleum does not meet the requirements of these 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 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

(a) Accountable Losses of Petroleum

Except by Carrier's sole negligence, Carrier will not be liable for any loss of Petroleum or damage thereto or delay caused by an act of God, fire, flood, explosion, storm, electrical malfunction, war, rebellion, insurrection, strike, breakage or accident to machinery or equipment, difference with workman, the public enemy, quarantine, the authority of law, riots, the act of default of Shipper or owner, or any cause reasonably beyond the control of Carrier.

If such loss occurs to Petroleum in a segregated shipment, then the Shipper and consignee thereof shall bear the entire loss, damage or delay which occurs. If such loss occurs to Petroleum which is not in a segregated shipment, then each Shipper of the grade of Petroleum so lost via the system or segment in which the loss occurs shall share such loss in the proportion that the amount of such grade of Petroleum then in the custody of Carrier for the account of such Shipper in such system or segment bears to the total amount of such grade of Petroleum then in the custody of Carrier in such system or segment.

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 consignee's facilities.

(b) Unaccountable Gains and Losses of Petroleum

An unaccountable gain or loss is the difference in the volume of Petroleum received by Carrier and the volume delivered to Shipper(s) resulting from evaporation and from technical limitations and expected variability of measuring systems. Unaccountable losses/gains that occur during a given calendar month will be allocated, by system, by

grade, to each Shipper in the same proportion that their total deliveries for that calendar month bears to the system total deliveries for the calendar month. Carrier shall make a diligent effort to keep such gains/losses of Petroleum within acceptable industry standards.

After gains/losses have been allocated to Shippers in the manner described above, Carrier will purchase Petroleum from Shippers to replace losses or sell Petroleum to Shippers if gains, to balance the Petroleum delivered into the system Petroleum delivered out of the system on a monthly basis. The price used for these purchases/sales will be the spot price of crude oil for each grade as published in a recognized industry publication for the last business day of the Operating Month. The computed amount for losses/gains will be shown as a separate line item on the regular monthly invoice sent to Shippers.

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 at an established origin station, on Carrier's system, which is not named in tariffs 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 Carrier's system, which is not named in tariffs making reference hereto, but which is intermediate to a point to which rates are published in said tariffs, through such unnamed 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. [W] ~~AU~~ All changes pursuant to this item are subject to the rates, rules and regulations in the applicable tariffs from the 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.

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 and as are lawfully in effect and on file with the Federal Energy Regulatory Commission as to interstate traffic, providing for terminal and other services, charges or rules which in anyway increase or decrease the amount to be paid on any shipment or which increase or decrease the value of the service to Shipper.

145. Viscosity Surcharge

In addition to all other charges for transportation hereunder, all crude petroleum having a viscosity of eighty Saybolt Universal Seconds (80 SUS) at sixty degrees Fahrenheit (60°F) or a higher viscosity shall be subject to a surcharge based on a percentage of the applicable tariff as follows:

Viscosity Surcharge SUS at 60°F	Percent of Tariff
80-110	5%
111-150	9%
151-200	13%
201-250	17%
251-300	21%
300-350	25%
351-400	29%
401-500	33%

150. Intrasystem Transfers

Carrier will allow a Shipper Transfer of one shipper to another, and Title Transfers from one ownership to another, for Petroleum in custody of Carrier. A charge of one-half cent (0.5¢) per barrel with a fifty dollars (\$50.00) minimum will be made to each party directing such transfers, except for the first Title Transfer.

Only one Shipper Transfer will be allowed per movement and party accepting volumes on a Shipper Transfer shall become the shipper of record. Shipper Transfer must be made at point of origin.

Title Transfers may not be accepted after 25th day of the preceding calendar month.

A transfer request, if accepted, must be confirmed by both the transferor and the transferee within forty-eight (48) hours after the transfer request is made in Transport 4 (T4) to Carrier. Such transfer request will indicate the party to which the transfer is to be made, the amount of Petroleum to be transferred and its location and grade.

Carrier will incur no liability for any losses or damage incurred by a Shipper or owner involved in any intra-system transfer, unless due to the negligence of the Carrier.

Explanation of Reference Marks:

[C] CANCELLED

[N] NEW

[W] CHANGE IN WORDING ONLY