

F.E.R.C. I.C.A. OIL TARIFF

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(Cancels F.E.R.C. No. 86.11.0)

# NuStar Logistics, L.P.

NORTHERN MEXICO SUPPLY (NUEVO LAREDO)

CONTAINING THE

RATES, RULES, AND REGULATIONS

GOVERNING THE TRANSPORTATION

BY PIPELINE OF

PETROLEUM PRODUCTS

(As Defined Herein)

Issued under authority of 18 C.F.R. §342.3 (Indexing).

Subject to the Rules and Regulations set forth herein.

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

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**Item 1 Definitions**

“Affiliated Shipper” means any entity that, directly or indirectly: (a) controls a Shipper; (b) is controlled by another Shipper; or (c) is controlled by the same entity that controls a Shipper. For purposes of this definition, the terms “controls” and “controlled by” mean the power to direct or cause the direction of the management of and policies of another entity whether through the ownership of shares, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes, with respect to the control of or by a corporation, partnership or limited liability company, the ownership of shares or equity interests carrying not less than 50% or more of the voting rights regardless of whether such ownership occurs directly or indirectly. Without limitation, any one or more of the following shall conclusively evidence that entities are Affiliated Shippers of each other: (1) use of shared mailing or business addresses; (2) use of shared business telephone numbers; (3) use of common bank account(s) in relation to Carrier’s requirements set forth in Item 9; (4) the same or substantially the same management, general partner, or managing member; and/or (5) one Shipper directing or conducting business on behalf of another Shipper.

“A.P.I.” means American Petroleum Institute.

“ASTM” means American Society for Testing Materials.

“Barrel” means a barrel of forty-two (42) gallons, United States measurement at sixty degrees Fahrenheit (60°F.).

“Batch” means a quantity of Products of like characteristics delivered by Shipper or Consignor for transportation on the System as an identifiable unit.

“BPD” means Barrels per day.

“Carrier” means NuStar Logistics, L.P.

“Change in Law” means the adoption, amendment, enactment, implementation, issuance, modification, promulgation, or repeal of any Law or any material change in the interpretation of any Law by any Governmental Authority that causes Carrier to incur additional expenses in order to operate the System in compliance with such Law. For purposes of this definition, a Change of Law includes a change in the Laws of Mexico that will cause Carrier to incur additional expenses in order to operate the System in compliance with such Law and/or deliver Product to a connecting pipeline and/or terminal in Mexico.

“Change in Law Event” means the occurrence of a Change in Law that necessitates the expenditure of Compliance Costs.

“Collateral” means: (a) all Products accepted by Carrier for transportation, terminalling, or otherwise while in the possession of Carrier; (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier but only while in the possession of Carrier; (c) all of Shipper’s pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) the proceeds from any of the foregoing.

“Commercially Reasonable” means a sale that is commercially reasonable within the meaning of the Uniform Commercial Code.

“Committed Rates” are the rates identified as the “Committed Rates” in Item 100.

“Committed Shipper” means a Shipper with which Carrier has executed a Throughput and Deficiency Agreement for transportation service on all or part of the System.

“Compliance Costs” means expenses incurred by Carrier as a result of a Change in Law Event, including capital expenditures, irrespective of whether such expenses are to be incurred as a one-time expenditure or periodically for an extended period.

“Connection Policy” means the policy issued by NuStar Energy L.P. and applicable to its affiliates setting forth the requirements that must be met for any connections to a facility, as such policy may be amended from time-to-time.

“Consignee” means the party to whom a Shipper has ordered the delivery of Products at the Destination Point(s) from the System.

“Consignor” means the party to whom a Shipper has ordered the receipt of Products at the Origin Point(s) for transportation on the System.

“Destination Point(s)” means the outlet flange from the System identified in Item 100, at which point Carrier will deliver Product to Shipper or its Consignee.

“Due Date” has the meaning set forth in Item 9.

“Event of Force Majeure” means any event or occurrence beyond the reasonable control of either Carrier or Shipper, which by the exercise of due diligence and reasonable care, Carrier or Shipper, as applicable, has been unable to prevent or overcome that delays or prevents Carrier or Shipper, as applicable, from performing its obligations under this tariff, including the following: (a) natural phenomena and acts of God, such as earthquakes, extreme heat, fires, floods, freezes, hurricanes, landslides, lightning, storms, washouts, wind, and/or any other natural occurrence; (b) strikes, lockouts, boycotts, picketing, labor and/or other industrial disturbances; (c) acts of public enemies, acts of terrorism, civil unrest, sabotage, wars, blockades, insurrections, drug cartels or gangs, drug-related violence, and/or epidemics; (d) any period for which any contractor, supplier and/or vendor invokes force majeure (provided that the event that gave rise to the right of such contractor, supplier or vendor to invoke force majeure in its contract would have also been an event of Force Majeure under this definition had it occurred to one of the Parties); (e) acts of any Governmental Authority, including, but not limited to: (i) an order; (ii) modifications to Law, (iii) the delay or failure to issue a Permit; and (iv) the cancellation of a Permit (but excluding any such resulting from the failure of the Party claiming Force Majeure to comply with applicable Law); (f) explosions, shortages of power or other utilities, and/or breakdown, damage and/or malfunction to machinery, equipment and/or lines of pipe; (g) the inability to obtain or unforeseen delays in obtaining materials, equipment, third party services and/or labor (provided that the event that gave rise to such delays would have also been an Event of Force Majeure under this definition had it occurred to one of the Parties); (h) the inability to obtain or unforeseen delays in obtaining easements or rights of way and required permits or licenses any and all irrevocable approvals, consents, easements, permits, and railroad/road crossing licenses and agreements required to construct and to operate the System from any third party property owner and any Governmental Authority, to acquire land rights, environmental permits, maritime/water crossing permits, spatial development plan or zoning variances or amendments, and planning permissions necessary to operate the System; and (i) events of force majeure declared by a third party that interfere with performance under this tariff, provided that such events of force majeure would otherwise qualify as an Event of Force Majeure under this tariff if such events directly occurred with respect to the Party claiming force majeure under this tariff. Notwithstanding the above, the following acts or events shall not constitute an Event of Force Majeure: (1) changes in costs of materials or Products, (2) shortage or other failure to obtain Products, (3) absence of a market for Products; (4) availability of more attractive markets for Products or alternative Products transportation systems, and/or (5) either Carrier’s or Shipper’s inability to economically perform its obligations under this tariff, including either Carrier or Shipper’s inability or failure to pay amounts accruing hereunder or under a Throughput and Deficiency Agreement, as applicable.

“Governmental Authority” means any and all applicable federal, state, or local government or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of

or pertaining to government or any other government authority, agency, department, board, commission or instrumentality of the United States of America, any state of the United States of America or any political subdivision thereof, any court, tribunal or arbitrator(s) of competent jurisdiction, and any governmental or non-governmental self-regulatory organization, agency or authority, including, but not limited to, a port authority, and any applicable Mexican executive, legislative, judicial, regulatory or administrative agencies, including, but not limited to the Mexican Energy Regulatory Commission ('CRE'), the Secretary of Environment and Natural Resources ('SEMARNAT' and 'ASEA-SEMARNAT'), the Mexican Department of Energy ('SENER'), the Department of the Interior ('SEGOB'), the National Water Commission ('CONAGUA'), the International Boundary and Waters Commission ('CILA - SRE'), the Department of Communications and Transportation ('SCT'), and the Federal Telecommunications Institute ('IFETEL'). The term Governmental Authority shall also mean any successor agency with the same or similar functions as those conducted by the enumerated agencies.

"Import and Export Laws" means any and all applicable statutes, directives, codes, ordinances, rules, regulations, municipal by-laws, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings or awards, consent orders, consent decrees and policies of any Governmental Authority concerning economic sanctions, trade embargoes, export and imports, and similar matters.

"International Boundary" means land and river boundaries that demarcate between the United States jurisdictional lines and another country's jurisdictional lines in accordance with existing international agreements.

"Law" means any and all applicable federal, state, local, municipal or other administrative authorization, code, constitution, decree, directive, injunction, law, legal action, license, order, permit, ordinance, requirement, regulation, rule or statute, issued or promulgated by a Governmental Authority whether in effect as of the date hereof or thereafter and, in each case, as amended, including, but not limited to Import and Export Laws.

"Liability(ies)" means any and all actual and threatened actions, causes of action, claims, charges, damages, demands or fines, of any kind or character and related costs (including court costs, regulatory costs, dispute resolution costs, mediation costs, reasonable defense costs and attorneys' fees, settlement costs, and other expenses of litigation), lawsuits, liabilities, losses, obligations, penalties, proceedings, and suits.

"Nomination" or "Nominations" has the meaning set forth in Item 4.

"Obligations" means: (a) all antecedent, current, and future charges, fees, or expenses for transportation, terminalling, demurrage, storage, preservation, deficiency payments, special, ancillary, interest, and other lawful charges arising under or related to this tariff or the contracts entered into in connection with this tariff (including any Throughput and Deficiency Agreement, invoices, or Nominations); (b) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; (c) all other amounts now or in the future owed by Shipper to Carrier, whether or not of the same kind or class as the other obligations owed by Shipper to Carrier; (d) all costs and expenses of Carrier in exercising any of its rights detailed herein, including, but not limited to, reasonable attorney fees, storage charges, and settlement of conflicting liens; and (e) all charges or expenses described in Tex. Bus. & Com. Code § 7.307(a).

"Off-Spec Product" means product that does not meet the Quality Specifications.

"Origin Point(s)" means the inlet flange to the System identified in Item 100, at which point Carrier will accept Product from Shipper or its Consignor.

"Party" means either Shipper or Carrier, and "Parties" means collectively Shipper and Carrier.

"Permit" means any and all approvals, consents, easements, licenses, permits, and/or other requirements from any Governmental Authority required to construct and/or operate the System.

“Product” or “Products” means those products described further in Item 2.

“Quality Specifications” has the meaning set forth in Item 2.

“Shipper” means any person or entity that transports Products on the System in accordance with this tariff.

“System” means Carrier’s pipeline system, including all appurtenances thereto, related to the provision of transportation services provided by Carrier pursuant to this tariff.

“Throughput and Deficiency Agreement” means an effective agreement executed between Carrier and a Committed Shipper, under which the Committed Shipper commits to ship, or otherwise pay for, transportation of a minimum volume of Products for a specified period of time.

“Transmix” means that mixture of petroleum product occurring between adjoining Batches of Products having dissimilar physical characteristics that cannot be absorbed into the adjoining Batches.

“Uncommitted Rates” means the rates for transportation of Product on the System applicable to any Shipper that is not a Committed Shipper.

“Uncommitted Shipper” means any Shipper that is not a Committed Shipper.

“Unremoved Product” has the meaning set forth in Item 18.

## **Item 2 Product Specifications and Testing**

Products tendered by Shipper for transportation on the System shall conform to the applicable Product specifications issued by Carrier for each such Product. The specifications applicable to each Product are set forth in Carrier’s Pipeline Specification Manual dated March 1, 2020, a copy of which is available on Carrier’s public website at [www.nustarenergy.com](http://www.nustarenergy.com), as such quality specifications may be amended by Carrier from time-to-time (such specifications, the “Quality Specifications”). Carrier shall have the right, to change or modify the Quality Specifications and/or change, modify, inject, and/or require additives and inhibitors, including drag reducing agents and lubricity conductivity additive (ULSD), to conform to Law. Further, Carrier shall have the right to add additional grades of Products or additional Products to conform to operating procedures and/or those specifications of upstream or downstream connecting facilities, as applicable. Subject to any Throughput and Deficiency Agreement(s), carrier reserves the right to remove Products or any grades of Product for transportation on the System. Carrier shall not be required to accept Product at an Origin Point that does not conform to the quality specifications of a connecting facility.

Unless otherwise agreed to by Carrier, Products tendered at the Origin Point shall be free of any additives, inhibitors, and/or drag reducing agents. Carrier may add additives, inhibitors, and/or drag reducing agents to Products, and Shipper shall accept delivery of Products containing such additives, inhibitors, and/or drag reducing agents at the Destination Point.

In the event Shipper tenders Off-Spec Product: (a) Carrier may accept such Shipper’s delivery of Off-Spec Product if Carrier determines, in its sole discretion, that the quality of the Off-Spec Product does not materially interfere with the Quality Specifications of other Products in the System or otherwise adversely impact the operation of the System; or (b) Carrier may reject Shipper’s delivery of Off-Spec Product.

If Carrier accepts Shipper’s delivery of Off-Spec Product, Shipper shall be liable for all contamination or damage to other Products being transported on the System or to Carrier’s System resulting from Shipper’s tender of Off-Spec Product. In the event Carrier does not accept Shipper’s Off-Spec Product pursuant to the preceding sentence, Carrier may exclude such Shipper from further entry into Carrier’s System until such time as Shipper returns the quality of its Products to a level satisfactory to Carrier in accordance with this tariff. In addition, Carrier

reserves the right to dispose of any Off-Spec Product in the System at Shipper's risk and expense, which such disposal may be made in a Commercially Reasonable manner. From the proceeds of said sale, Carrier will pay itself the transportation charges and other fees and lawful charges, including expenses incident to storage at said sale, and the balance remaining, if any, shall be held for Shipper or whoever may be lawfully entitled thereto. Carrier shall have no liability to Shipper associated with Carrier's disposition of Off-Spec Product in accordance with this Item 2 except as set forth herein. Nothing contained in this tariff, any other tariff, nor any receipt by Carrier of Off-Spec Product (either unknowingly, as a temporary accommodation, or in its discretion), shall be construed to affect Carrier's right, at any time and from time to time, to reject tenders of Off-Spec Product and to refuse or suspend receipt of such Off-Spec Product until it is established to Carrier's reasonable satisfaction that subsequent deliveries of Products will conform to the applicable Quality Specifications. In addition to any other remedies available to Carrier, Carrier may also charge Shipper and Shipper agrees to pay the costs and expenses incurred to treat or otherwise dispose of any Off-Spec Product that Shipper delivers to Carrier, including without limitation any penalties or charges incurred by Carrier related to such Off-Spec Product. Carrier's acceptance of Off-Spec Product pursuant to this Item 2 does not give Shipper any right to ship Off-Spec Product on the System in the future and does not change Shipper's obligation to strictly comply with the provisions of this tariff, including the Quality Specifications.

Shipper or Consignor shall perform applicable tests to ensure that the Products it tenders to Carrier for transportation on the System conform to the Quality Specifications. Carrier may also require Shipper to furnish a certificate of analysis by a licensed petroleum inspector showing the final tests of the Products tendered for transportation on the System.

Carrier or its representative may test any Product tendered for transportation on the System for compliance with the Quality Specifications. All such tests shall be performed by Carrier or its representative, but Shipper, Consignor or Consignee may be present or represented at the testing provided such witnessing does not unreasonably interfere with Carrier's operation of the System. Upon written request of Shipper, Carrier shall provide reasonable advance notice to Shipper of any such testing (other than the continuous monitoring of the System). Product quality shall be tested in accordance with applicable A.P.I./ASTM standards and pipeline industry practice or such other tests as may be agreed upon by Carrier and Shipper. All tests performed by Carrier shall be final and shall control.

### **Item 3 Required Facilities at Origin Point and Destination Point**

Carrier will not provide tankage for the receipt of Products at the Origin Points or for the delivery of Products at the Destination Points. Shipments will be accepted for transportation only from tankage provided by Shipper at established Origin Points for delivery to tankage provided in advance by Shipper at established Destination Points. Carrier may require Shipper to provide evidence of such tankage at the time Shipper's Nomination is provided to Carrier in accordance with Item 4. Carrier assumes no responsibility to accept any Products from Shipper at any time that Shipper, Consignor, or Consignee does not have the requisite facilities necessary for promptly receiving such Products.

Shipper, Consignor, or Consignee shall make arrangements for transportation or delivery across the International Boundary and for compliance with Law associated therewith.

### **Item 4 Nominations; Minimum Batch Requirements**

Any Shipper desiring to ship Products on the System shall furnish Carrier with a written notice ("Nomination") that shall be received by Carrier on or before the fifteenth (15<sup>th</sup>) day of the month prior to the calendar month in which Shipper desires transportation. If the fifteenth (15<sup>th</sup>) day of the month falls on a weekend or holiday, the Nomination is due on the last workday before the fifteenth (15<sup>th</sup>) day of the month. A "workday" shall be a Monday, Tuesday, Wednesday, Thursday or Friday of a calendar week, except when a Federal holiday falls on such day of the week. A Nomination shall specify each Product to be shipped on the System, the volume of each such Product, and the designated Origin Point and Destination Point of each Product offered to Carrier for transportation on the System. If (a) Shipper does not furnish a Nomination or otherwise fails to comply with the provisions of this tariff or a Throughput and Deficiency Agreement, as applicable, or (b) Carrier does not accept a

Nomination because it was submitted after the deadline noted in this Item 4 or is otherwise deficient in any respect, then Carrier will be under no obligation to accept Shipper's tender of Products for transportation on the System. However, Carrier may, in its sole discretion, decide to accept a Nomination received after the due date set forth in this Item 4, provided that capacity is available on the System and operating conditions permit such acceptance.

Products will be accepted for transportation, subject to the provisions contained herein, only at such times as Products of the same or similar quality and specifications are scheduled by Carrier for transport from an Origin Point to a Destination Point at pumping rates and pressures satisfactory to Carrier, and for receiving same without delay at pressures and pumping rates required by Carrier upon arrival of Product at the Destination Point. Products to be tendered to Carrier's System in accordance with the Nomination shall be available in Shipper's tankage at the designated Origin Point for shipment at least twenty-four (24) hours prior to the scheduled date for movement into the System.

Products must be tendered for transportation in quantities of not less than 20,000 Barrels; provided that the minimum quantity of any one Product that will be accepted by Carrier at an established Origin Point from a single Shipper, or a single Consignor consigned to a single Consignee, for inclusion in a Batch is 5,000 Barrels. At Carrier's sole discretion, Carrier may from time to time accept smaller quantities and Batch sizes so long as such acceptance does not unreasonably interfere with the operations of the System.

**Item 5            Products Involved in Litigation, etc.**

Carrier may reject any Products, when tendered for transportation, which may be involved in litigation, the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Carrier or any lien created by a Shipper (or its ultimate parent's or Affiliate's) credit facility). Further, prior to tender of Products, Carrier may require of Shipper satisfactory evidence of its perfect and unencumbered title (with the exception for liens set forth in the previous sentence), satisfactory indemnity bond, pre-payment of anticipated transportation charges from the applicable lienholder to protect Carrier against all loss. By tendering Products to Carrier, absent written consent by Carrier otherwise, Shipper warrants and covenants that while the Products are in the System, Shipper has good title thereto and agrees to release, indemnify, defend and hold Carrier harmless from all Liabilities resulting from failure of good title thereto.

**Item 6            Product Measurement**

All Product tendered to Carrier for transportation shall be metered by Carrier prior to, or at the time of receipt of such Products, from Shipper. Shipper, Consignor or Consignee may be present or represented during the measurement (other than the continuous measurement of the System) provided such witnessing does not unreasonably interfere with Carrier's operation of the System. Upon written request of Shipper, Carrier shall provide advance notice to Shipper of any meter proving and Shipper, Consignor or Consignee may be present or represented during such meter proving provided such witnessing does not unreasonably interfere with Carrier's operation of the System. Quantity shall be measured in accordance with applicable A.P.I./ASTM standards and pipeline industry practice. Quantities shall be corrected as to temperature from observed temperatures to sixty (60) degrees Fahrenheit. Full deduction will be made for all water and other impurities. All measurements performed by Carrier shall be final and shall control.

**Item 7            Product Transportation Requirements; Identity of Products; Transmix**

Carrier will transport and deliver Products with reasonable diligence and dispatch considering the quantity, distance of transportation, safety of operations, and other material factors. Products are pumped in a certain Batch sequence for efficient operation and Carrier reserves the right to specify the sequence of Batches for transportation of Products on the System. Because Carrier will operate a Batch system, Shipper is not required to provide any line fill in order to obtain transportation service on the System.

All Products tendered for transportation on the System will be subject to changes in gravity, color, quality or characteristics while in transit or as may result from unavoidable contamination between Batches. Carrier will

not be obligated to make delivery of the identical Products received for transportation. Carrier may make delivery of Products out of common stocks of similar Products on hand at the Destination Point.

Transmix occurring in the System that cannot be combined with compatible Products of an adjoining Batch shall be retained in Carrier's custody. The total Transmix accumulated in an applicable segment of the System will be allocated to all Shippers in proportion to each Shipper's Barrels received into the System and transported in such applicable segment in a calendar month compared to all Barrels received into the System from all Shippers in the calendar month and transported in such applicable segment. Upon notification by Carrier, Shipper shall promptly remove the Transmix from the System.

#### **Item 8 Liability of Shipper and Carrier**

##### Shipper Liability:

Shipper shall be solely responsible and liable for all loss, contamination, damage, and/or degradation to Products that occurs prior to the delivery of Shipper's Products to Carrier at an Origin Point and after delivery of such Products to Shipper at a Destination Point, and all loss, contamination, damage, and/or degradation resulting from any other cause to the extent not due to the negligence or willful misconduct of Carrier.

As a condition precedent to Carrier's acceptance of Products for transportation under this tariff, Shipper shall release, indemnify, defend and hold harmless Carrier from and against all Liabilities to the extent arising from or related to: (a) the negligence, willful misconduct or other fault of Shipper, its Consignors, Consignees and its and their agents, contractors, employees, and representatives, (b) the release, spill, leak or discharge and related off-site migration of Product that occurs prior to Shipper or Consignor's tender of Product to Carrier at an Origin Point and after delivery to Shipper or Consignee at a Destination Point, unless and to the extent such Liability is caused by the negligence or willful misconduct of Carrier or its representatives; (c) any failure of Shipper, its Consignors, Consignees and its and their agents, contractors, employees, and representatives to comply with Law in all material respects, (d) any breach of or failure of Shipper, its Consignors, Consignees and its and their agents, contractors, employees, and representatives to adhere to any provision of this tariff; (e) the theft of Products by any party other than Carrier; and/or (e) the loss, contamination, damage, and/or degradation of Products resulting from any Event of Force Majeure. Further, Shipper shall be liable for and shall release, defend, indemnify and hold Carrier harmless from and against any and all Liabilities of every kind, nature or description to the extent caused by, arising out of, or resulting from Shipper's tender of Off-Spec Product, including but not limited to, contamination, damage, or degradation to other Products being transported on the System or damage to the System or other facilities (including costs of repairing, inspecting, cleaning and decontaminating the System or the facilities of third parties). In addition to any other remedies available to Carrier, Carrier may also charge Shipper and Shipper agrees to pay the costs and expenses incurred to dispose of any Off-Spec Product that Shipper or its Consignor delivers to Carrier, including without limitation any penalties or charges incurred by Carrier related to such Off-Spec Product.

##### Carrier Liability:

Carrier, at its sole expense, shall respond to, handle, investigate, remediate, and or dispose of any discharge, release, migration, emission, exposure or leak from the System in accordance with applicable laws.

Carrier shall not be liable for any loss of Products, or delay in delivery, because of an act of God, the public enemy, quarantine, the authority of law, strikes, riots, or the acts of default of the Shipper or consignee, or from any other cause not due to the negligence of Carrier. In case of losses from such causes, other than the negligence of Carrier, losses shall be charged proportionately to each shipment in the ratio that such shipment or portion thereof, received and undelivered at the time of loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs. The consignee shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage determined as aforesaid and shall be required to pay transportation charges only on the quantity delivered.

Carrier assumes no liability where operational, scheduling, excess demand, delays and other difficulties encountered in pipeline operations prevent its ability to maintain schedules or comply with Shipper's withdrawal requirements.

**Item 9 Financial Assurances; Payment of Charges for Transportation; Security Interest**

Prior to becoming a Shipper, a prospective Shipper must submit to Carrier financial information to establish creditworthiness. The type of information Carrier may request from Shipper includes, but is not limited to: the most recent year end financials, 10-K reports or other filings with regulatory agencies and/or bank references. If, in the sole discretion of Carrier: (a) a new Shipper is not creditworthy, or (b) an existing Shipper's credit deteriorates, then Carrier has the option to require such Shipper to (1) prepay all transportation and other fees and lawful charges Shipper is expected to incur for the transportation of Products on the System during the subsequent six (6) months (such amount to be based off a good faith estimate provided by Shipper and agreed upon by Carrier, in its reasonable discretion), (2) provide a payment guaranty with terms acceptable to Carrier, in its sole discretion, or (3) supply an irrevocable standby letter of credit from a bank acceptable to Carrier in Carrier's sole discretion, with terms in a form acceptable to Carrier.

The charges for transportation and services accruing on Products accepted for shipment under this tariff shall be based on the rate in effect on the date of delivery by Carrier to the nominated Destination Point.

Carrier will invoice Shipper throughout the month for all transportation charges and other fees dues hereunder in accordance with this tariff. Shipper shall pay all such invoiced transportation charges and other fees without setoff or deduction in accordance with invoice terms and these rules and regulations no later than ten (10) days from the date of the invoice (such date, the "Due Date"). In the event Shipper disputes any portion of any invoice, Shipper shall notify Carrier in writing of the disputed portion by the Due Date. After Carrier's receipt of such notice, Carrier and Shipper shall promptly work in good faith to resolve the dispute.

Carrier will invoice a Committed Shipper for any deficiency fees or other monies due under a Throughput and Deficiency Agreement in accordance with the Throughput and Deficiency Agreement. Shipper shall pay all such invoiced deficiency fees and other fees without setoff or deduction in accordance with the Throughput and Deficiency Agreement. Disputes surrounding deficiency fees or monies due under a Throughput and Deficiency Agreement shall be resolved in accordance with the Throughput and Deficiency Agreement.

If charges are not paid by the Due Date in accordance with this Item 9 or in accordance with the Throughput and Deficiency Agreement, as applicable, 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 a rate equal to one and a half (1.5%) percent interest per month or the maximum finance rate allowed by Law, whichever is less.

If Shipper fails to pay an invoice by the Due Date or any deficiency fees or other monies due under a Throughput and Deficiency Agreement, as applicable, then, in addition to any other remedies under this tariff and under Law, Carrier also has the right to withhold from delivery to Shipper, an amount of Product belonging to Shipper that would be sufficient to cover all overdue and unpaid charges due to Carrier from Shipper under the terms of this tariff or due under a Throughput and Deficiency Agreement, as applicable, until all such overdue and unpaid charges have been paid.

Unless otherwise agreed to between Shipper and Carrier, Carrier shall have a first priority, continuous, and continuing security interest in all Collateral to secure the payment of all Obligations from Shipper to Carrier. Such security interest shall survive delivery of any Collateral to Shipper.

Shipper shall execute all such agreements and do all such things as Carrier shall reasonably request in connection with the creation or perfection of such security interest. Shipper authorizes Carrier to file such financing statements or other documents necessary to perfect and maintain the security interest herein granted.

The security interest provided herein shall be in addition to any lien provided by statute or common law, including, without limitation, a statutory carrier's lien pursuant to Tex. Bus. & Com. Code § 7.307.

In the event Shipper fails to satisfy when due any Obligation to Carrier, Carrier shall have all of the rights and remedies under applicable Law (including the rights of a secured creditor, without limitation, under the security interest described in this tariff or the rights under a statutory carrier's lien pursuant to Tex. Bus. & Com. Code § 7.307) and in addition may in its sole discretion and without notice take any or all of the following actions:

- (1) withhold and refuse to deliver Collateral in its possession until all such Obligations have been paid;
- (2) proceed to sell such Collateral, in accordance with the applicable provisions of state law, and apply the proceeds to such Obligations;
- (3) store such Collateral or contract for storage of such Collateral pending sale or other disposition;
- (4) set-off any such Obligations against any monies owed to Shipper by Carrier on any Products of Shipper in Carrier's custody; or
- (5) take any other action it deems necessary for the proper protection and sale of such Collateral.

Carrier may agree, in its sole discretion, to waive its security interest in the Collateral if Shipper or Consignee provides sufficient security satisfactory to Carrier. Provided, Carrier may only waive its security interest by written document delivered to Shipper and signed by Carrier.

In the event of a sale of any Collateral, such sale shall be after any reasonable notice required by Law and such a sale shall be a Commercially Reasonable sale. From the proceeds of said sale, Carrier will pay itself for the Obligations, including expenses incident to said sale, holding the balance of such proceeds, if any, for delivery on demand to any person to which Carrier would have been bound to deliver the Collateral.

If a bill of lading is required under applicable Law for any lien in favor of Carrier to arise or be enforced, acceptance of the Nomination will be deemed to be the bill of lading for all Products subject to such Nomination.

#### **Item 10 Pipage and Pumpage Contracts and Connection Policy**

Separate pipage and/or pumpage contracts in accord with this tariff covering further details may be required by Carrier before any duty for transportation shall arise. Connections to the System will only be considered pursuant to Carrier's Connection Policy and are made by formal written application to Carrier. If Carrier approves any connection: (a) such connection will be subject to design requirements necessary to protect the safety, security, integrity, and efficient operation of the System in accordance with generally accepted industry standards and to protect the Product's Quality Specifications and (b) the cost of such connection (including power) shall be governed by Carrier's Connection Policy. Approved connections will be memorialized in Carrier's form Connection Agreement.

#### **Item 11 Notice of Claims**

Notice of claims for loss, damage or delay in connection with shipments must be made to Carrier in writing within nine (9) months after delivery or, in case of failure to make delivery, within said nine (9) months after a reasonable time for delivery elapses. And no suit at law or in equity shall be maintained upon any claims unless instituted within two (2) years and one (1) day from the day when notice in writing is given by Carrier to Shipper that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted by Shipper on such claims in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.

**Item 12 Proration of Pipeline Capacity**

In order to allow Carrier to equitably allocate line capacity to all Shippers during any month for which aggregate Nominations for that month exceed available capacity, Carrier shall prorate available capacity on each applicable line segment so as to avoid discrimination among Shippers. The details of this procedure are set out in this Item 12.

For purposes of this Item 12, the following defined terms have the meanings set forth below:

“Base Period” is the consecutive twelve (12) calendar month period just preceding the Calculation Month. If Carrier’s System has been in operation less than twelve (12) calendar months, then the Base Period shall be the number of months during which the Carrier has been in operation preceding the Calculation Month.

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

“Calculation Month” is the calendar month just preceding the Proration Month.

“New Shipper” is any Shipper who is not a Regular Shipper. A New Shipper shall remain a New Shipper for a period of thirteen (13) calendar months following the first calendar month in which the New Shipper first ships Product(s) in the applicable line segment of the System; following such time period, the New Shipper shall become a Regular Shipper.

“Nomination Basis” means, with respect to New Shippers, the proration of capacity for each New Shipper, which will be based on each New Shipper’s Nomination for the Proration Month divided by the Nominations of all New Shipper for the Proration Month.

“Proration Month” is the calendar month for which space on a line segment is being allocated pursuant to this Item 12.

“Regular Shipper” is any Shipper who has shipped Product(s) in the applicable line segment of the System during at least one month of the applicable Base Period; provided, a New Shipper shall not graduate to a Regular Shipper until a period of thirteen (13) calendar months has elapsed following the calendar month in which the New Shipper first shipped Product(s) in the applicable line segment of the System.

“System Capacity” is the operational capacity of the System at any applicable point in time.

**Prorationing of Capacity**

- (a) *When capacity will be prorationed.* Capacity will be prorationed among all Shippers for any Proration Month for which Carrier determines, in its sole discretion, that the aggregate Shipper Nominations for a line segment exceeds the System Capacity of that line segment. Proration will be applied separately to each segment where a need for prorationing shall arise.
- (b) *Prorationing on gasoline equivalent basis.* When and if Carrier, in its sole discretion, determines that a Barrel of gasoline consumes a smaller portion of capacity, on the average, than a Barrel of heavier Products such as distillate, System Capacity will be prorationed on a gasoline equivalent basis.
- (c) *Availability and allocation of capacity to New Shippers.* Up to ten (10) percent of System Capacity on a line segment shall be made available to New Shippers and will be prorated among such New Shippers on a Nomination Basis for a Proration Month.
- (d) *Availability and allocation of capacity to Regular Shippers.* After the allocation of System Capacity to New Shippers, the remaining System Capacity for that Proration Month shall be allocated to Regular Shippers that

have submitted Nominations for that month. Such capacity shall be allocated among Regular Shippers in proportion to their Base Shipments. In the event that the volume of Products that would be allocated to a Regular Shipper on the basis of Base Shipments is greater than the volume it nominates, the difference between the volume calculated on the basis of Base Shipments and its volume nominated will be reallocated among all other Regular Shippers in proportion to their Base Shipment percentages.

- (e) *Unused Allocated Capacity.* System Capacity that has been allocated to Regular Shippers but is not used would be re-allocated among all Shippers, both Regular and New Shippers, based on their proportion of allocated capacity for the Proration Month.
- (f) *Unused Allocated Capacity.* If a Shipper does not use the portion of System Capacity allocated to it under this Item 12 at the times and in the amounts designated by Carrier, Carrier shall have the right to use Shipper's unused portion of System Capacity to fulfill the unmet Nominations of other Shippers.
- (g) *Minimum Batch Size.* In the event that calculation of a Shipper's allocated Nomination results in a volume less than the required minimum Batch size set forth in Item 4, Carrier will at its option either round up Shipper's Nomination to the required minimum Batch size or waive the minimum Batch size requirement.

#### Affiliated Shippers

In no event shall a Shipper's allocation of capacity be used in such a manner that would enhance the allocation of another Shipper (including an Affiliated Shipper) beyond the allocation that such Shipper would otherwise be entitled to under this Item 12. Upon request of Carrier, a responsible official of Shipper's company may be required to give assurances to Carrier that this provision has not been violated. In the event any Shipper, by any device, scheme, or arrangement whatsoever, attempts to increase, transfer all or any part of its Base Shipment and/or allocated portion of capacity during a Proration Month to any other Shipper (including an Affiliated Shipper) in violation of this Item 12, or in the event any Shipper (including an Affiliated Shipper) attempts to receive and use such portion of capacity, then Carrier may reduce the portion of capacity allocated to such Shipper (including an Affiliated Shipper) in the next Proration Month after the date that the violation is discovered, by a volume equal to such attempted transfer.

For the avoidance of doubt, a Shipper may not use an Affiliated Shipper by any device, scheme, or arrangement whatsoever, to attempt to increase its Base Shipment or its allocated portion of capacity. All Affiliated Shippers will be treated and considered as one entity for the purposes of Shipper history and status. Nothing in this Item 12 shall be construed as to allow a group of Affiliated Shippers to receive a capacity allocation greater than the total allocated capacity that such group would be entitled to if all of its transportation history was consolidated in one Shipper account.

#### Proration Penalty

To penalize inflation of Shippers' Nominations, a Shipper's space allocation for the next Proration Month will be reduced by the amount of capacity that was allocated to Shipper during the Proration Month but not utilized by Shipper during such Proration Month, unless such failure to use allocated capacity is excused by an Event of Force Majeure.

#### Transfer of Base Shipments/ Volumes Allocated during a Proration Month

Neither a Shipper's Base Shipment nor volumes allocated to it during a Proration Month shall be assigned, conveyed, loaned, transferred to, or used in any manner by, another Shipper except as follows (a) if transferred in connection with a sale of all of such Shipper's business or an entire business line and/or (b) by operation of Law, and any such assignment, conveyance, loan, transfer shall be irrevocable. Any other assignment, conveyance, loan, transfer to, or use in any manner by, another party of a Shipper's Base Shipment and/or volumes allocated to it during a Proration Month shall be null and void.

**Item 13 Tax Registration**

Shipper shall (or shall require its Consignee or Consignor, as applicable) provide proof of registration with the applicable Governmental Authorities for the collection of any sales and excise taxes. Failure to provide such proof of registration shall not relieve Shipper, Consignee, or Consignor of the appropriate tax liability. Any charges levied against Carrier by any Governmental Authorities will be collected by Carrier in accordance with this tariff.

**Item 14 Event of Force Majeure**

If an Event of Force Majeure renders a party unable, in whole or in part, to carry out its obligations under the tariff, such party must give the other party notice in writing as soon as practicable after the occurrence, or give notice by telephone and follow such notice with a written confirmation.

The party providing notice of the Event of Force Majeure shall use commercially reasonable efforts to: (a) correct the events or conditions resulting in the Event of Force Majeure; (b) resume the continuation of its performance under the tariff; and (c) minimize the impact of such Event of Force Majeure; provided, however, Carrier shall not be compelled to resolve any strikes, lockouts or other industrial disputes other than as it shall determine to be in its best interests and neither party shall be excused from its obligation to make payments of any amounts already due and owing to the other party hereunder and Shipper shall not be excused from its obligation to make payments of any amounts already due and owing under a Throughput and Deficiency Agreement.

**Item 15 Compliance Costs**

If Carrier becomes obligated as a result of a Change in Law to bear Compliance Costs, Carrier may seek recovery of the Compliance Costs through rates or implementation of a surcharge, with any surcharge not to impose a more than 10% increase in the then-current rates charged to Shipper(s). Carrier shall deliver written notice to Shippers of the Change in Law promptly upon Carrier's determination that it will seek to recover such Compliance Costs from its Shippers and file a modification to this tariff to effect such change, with such change to become effective no earlier than thirty (30) days following the filing of such tariff unless otherwise permitted by the Change in Law.

**Item 16 Carrier Discretion**

Carrier will operate its System and implement the rules, regulations and rates contained in this tariff, including those provisions providing for Carrier's discretion, in a manner that is not unduly discriminatory or unduly preferential, and not inconsistent with the terms and conditions of any Throughput and Deficiency Agreement(s).

**Item 17 Survival**

All Items of this tariff that survive the termination of the transportation services by their nature shall survive, including, but not limited to, all payment obligations, indemnifications, and Liabilities.

**Item 18 Demurrage Charges**

In order to provide space for delivery of succeeding Product shipments into and out of the System and otherwise to prevent or relieve congestion within the System, Carrier shall give notice to those Shippers or Consignees whose Products are causing congestion on a segment directing them to remove such Products. If Shipper's or Consignee's Products are causing congestion but less than all such Products must be removed, the Products specified in the notice shall be determined on a first-in-first-out basis. Unless otherwise specified, Shipper or Consignee must remove its Products within twenty-four (24) hours of the notice described above. For any Product that is not removed within this twenty-four (24)-hour period or the period otherwise specified in the notice ("Unremoved Product"), Carrier reserves the right to charge a demurrage charge equal to the highest applicable tariff rate multiplied by the number of Barrels of Unremoved Product, multiplied by the number of days the Unremoved Product remains in the System following the twenty-four (24) hour period noted above. In addition, in the event pipeline flow rates are reduced due to Shipper's inability to take delivery of Product, Carrier reserves the right to charge Shipper or Consignee an hourly demurrage penalty equal to the product of (a) the current transportation rate from the affected pipeline segment Origin to the furthest Destination on such segment and (b)

the pipeline hourly flow capacity and (c) the number of hours that Shipper's or Consignee's Product remains in the System. Demurrage charges shall be payable upon presentation of a bill to Shipper by Carrier.

**Item 19            Export of Product**

Shipper shall comply with all United States and Mexican Import and Export Laws. All duties and other charges arising from the import or export of Product shall be the responsibility of the Shipper. For the avoidance of doubt, Carrier is not the importer or exporter of Product transported in the System. Shipper shall indemnify, hold harmless and reimburse Carrier for any and all duties, taxes, penalties, interest costs and/or other amounts incurred by or which become payable by Carrier as a result of Shipper's failure to comply with its obligations under the terms of this tariff.

**Item 20            Governing Law and Jurisdiction**

Subject to applicable Law, this tariff and all of the rights and duties of the Shipper and Carrier arising from this tariff will be governed, construed and enforced in accordance with the substantive and procedural laws of the State of Texas, without reference to the choice of law principles thereof. Except for disputes that fall within the jurisdiction of the Federal Energy Regulatory Commission, any disputes arising out of this tariff, including but not limited to tort claims, will be subject to the exclusive jurisdiction of the U.S. District Court located in Harris County, Texas if federal jurisdiction is available and to the courts of the State of Texas located in Harris County, Texas if federal jurisdiction is not available. To the maximum extent permitted by Law, and in any legal action or proceeding relating to, arising out of, or in connection with this tariff, each of Shipper and Carrier hereby voluntarily, irrevocably and unconditionally (1) submits to the exclusive jurisdiction of the U.S. District Court located in Harris County, Texas if federal jurisdiction is available and to the courts of the State of Texas located in Harris County, Texas if federal jurisdiction is not available, and waives any objection which it may now or hereafter have (a) to the jurisdiction and laying of venue of any suit, action or proceeding arising out of or relating to this tariff, in the courts referenced in this paragraph and/or (b) to the choice of applying the substantive and procedural laws of the State of Texas, without reference to the choice of law principles thereof, (2) waives, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court, with the express intent that such provision shall apply, and (3) **WAIVES ITS RIGHT TO A TRIAL BY JURY**. To the extent that Shipper has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process, Shipper hereby waives such immunity and agrees not to assert, by way of motion, as a defense or otherwise, in any suit, action or proceeding the defense of sovereign immunity to either attachment or jurisdiction or any claim that it is not personally subject to the jurisdiction of the above-named courts by reason of sovereign immunity or otherwise, or that it is immune from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself, the Product, or its property or from attachment either prior to judgment or in aid of execution by reason of sovereign immunity. Each Party agrees that the State of Texas has a substantial relationship to Shipper and Carrier and to the matters made the basis of this tariff. Each Party agrees that to the knowledge of Shipper and Carrier, the application of the laws of the State of Texas would not be contrary to a fundamental policy of a state, if any, having a materially greater interest than the State of Texas in the determination of any dispute that may arise out of this tariff and which such state would be the state of applicable Law in the absence of an effective choice of the laws of the State of Texas by Shipper and Carrier.

Item 100 Rates

**Table of Rates**

(Rates in Dollars per Barrel of 42 U.S. Gallons)

Origin Point	Destination Point	Committed Rate (Note 1)	Uncommitted Rate
Three Rivers Live Oak County, Texas	United States/Mexico International Boundary (near Laredo, Webb County, Texas)	[I] \$2.0299	[I] \$2.6909

Note 1: Applicable to shipments of Products by any Committed Shipper with a Throughput and Deficiency Agreement commitment of at least 15,000 BPD and an initial term of at least seven (7) years.

Origin Point	Destination Point	Uncommitted Rate
Corpus Christi Valero West, Nueces County, Texas	Three Rivers Live Oak County, Texas	[I] \$1.0842

Origin Point	Destination Point	Committed Rates (Note 2)	
Corpus Christi Valero West, Nueces County, Texas	Three Rivers Live Oak County, Texas	0 to 40,000 BPD	[I] \$0.9598
		40,001 to 75,000 BPD	[I] \$0.6645
		75,001 to 100,000 BPD	[I] \$0.5906
		100,001 to 127,500 BPD	[I] \$0.5169
		If the daily throughput average for a given month exceeds 127,500 BPD, all barrels moved in that month will be billed at this rate.	[I] \$0.6999

Note 2: Applicable to shipments of Products by any Committed Shipper with a Throughput and Deficiency Agreement commitment for a minimum guaranteed volume of 40,000 barrels per day for a ten (10) year term.

**Explanation of Reference Marks**

[I] Increased