

# GRAY OAK PIPELINE, LLC

## PIPELINE TARIFF Containing Rules and Regulations Governing the Intrastate Transportation of Crude Petroleum By Pipeline

The Rules and Regulations published herein apply only under tariffs making specific reference to this tariff; such reference will include supplements hereto and successive issues hereof. Specific Rules and Regulations published in individual tariffs will take precedence over Rules and Regulations published herein

Operated by [N] Enbridge Holdings (Gray Oak) LLC - P-5 Operator ID: 101097  
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T-4 Permit # 09879

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

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**RULES AND REGULATIONS****SECTION I - Railroad Commission of Texas Rules 1 through 19**

Every person owning, operating, or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing, or delivering of Crude Petroleum as a common carrier shall be subject to and governed by the following provisions. Common carriers specified in this section shall be referred to as “pipelines” and the owners or Shippers of Crude Petroleum by pipelines shall be referred to as “Shippers.”

**Rule 1. All Marketable Oil to be Received for Transportation.** (See Rules 21, 75)

By the term “marketable oil” is meant any Crude Petroleum adapted for refining or fuel purposes, properly settled and containing not more than 2.0% of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such “marketable oil” tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 Barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the Shipper and the owner of the pipeline may agree or the commission may require.

**Rule 2. Basic Sediment, How Determined—Temperature.** (See Rules 21, 23)

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

**Rule 3. “Barrel” Defined.** (See Rule 20)

For the purpose of these Rules, a “Barrel” of Crude Petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit.

**Rule 4. Oil Involved in Litigation, Etc.-- Indemnity Against Loss.** (See Rule 35)

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

**Rule 5. Storage.** (See Rules 21, 80)

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

**Rule 6. Identity of Oil, Maintenance of Oil.** (See Rule 30)

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

**Rule 7. Minimum Quantity to be Received.** (See Rule 75)

A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car Delivery, a pipeline shall not be required to receive less than 500 Barrels.

**Rule 8. Gathering Charges.**

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

**Rule 9. Measuring, Testing and Deductions (Reference Special Order Number 20-63,098 Effective June 18, 1973)** (See Rule 23)

- A. Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its Receipt by the pipeline. The Shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tank.
- B. As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and Condensate may be measured and tested, before transfer of custody to the initial transporter, by:
  - i. lease automatic custody transfer (LACT) equipment, provided such equipment is installed and operated in accordance with the latest revision of American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6.1, or;
  - ii. any device or method, approved by the commission or its delegate, which yields accurate measurements of crude oil or Condensate.

[U] All rates remain unchanged.

(Rule 9 Continued)

- C. Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540. American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the Shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention of the commission to affect any tax or royalty obligations imposed by the laws of Texas on any producer or Shipper of crude oil.
- D. A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.

**Rule 10. Delivery and Demurrage.** (See Rule 45)

Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after Receipt of a consignment of oil, upon 24 hours' notice to the Consignee, may offer oil for Delivery from its common stock at the point of destination, conformable to paragraph (6) of this Section, at a rate not exceeding 10,000 Barrels per day of 24 hours. Computation of time of storage (as provided for in paragraph (5) of this Section) shall begin at the expiration of such notice. At the expiration of the time allowed in paragraph (5) of this Section for storage at destination, a pipeline may assess a demurrage charge on oil offered for Delivery and remaining undelivered, at a rate for the first 10 days of [U] \$.001 per Barrel; and thereafter at a rate of [U] \$.0075 per Barrel, for each day of 24 hours or fractional part thereof.

**Rule 11. Unpaid Charges, Lien For and Sale to Cover.** (See Rule 50)

A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold Delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold.

From the proceeds of the sale, the Pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.

**Rule 12. Notice of Claim.** (See Rule 65)

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

**Rule 13. Telephone-Telegraph Line--Shipper to Use.**

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

**Rule 14. Contracts of Transportation.** (See Rule 23)

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

**Rule 15. Shipper's Tanks, Etc—Inspection.** (See Rule 23)

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

**Rule 16. Offers in Excess of Facilities.** (See Rule 55)

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

**Rule 17. Interchange of Tonnage.**

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

**Rule 18. Receipt and Delivery—Necessary Facilities For.** (See Rule 22)

Each pipeline shall install and maintain facilities for the Receipt and Delivery of marketable Crude Petroleum of Shippers at any point on its line if the commission finds that a necessity exists therefor, and under regulations by the commission.

**Rule 19. Reports of Loss from Fires, Lightning, and Leakage.**

- A. Each pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five Barrels escape. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.
- B. No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war, or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the Consignee, the Shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the Shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the Shipper shall be required to pay charges only on the quantity of oil delivered. This section shall not apply if the loss occurs because of negligence of the pipeline. (See Rule 60)
- C. Common carrier pipelines shall mail (return Receipt requested) or hand deliver to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the commission for that particular spill or leak within 30 days of filing the required reports with the commission. Registration with the commission by landowners and residents for the purpose of receiving spill or leak reports shall be required every five years, with renewal registration starting January 1, 1999. If a landowner or resident is not registered with the commission, the common carrier is not required to furnish such reports to the resident or landowner.

**SECTION II**  
**Supplemental Gray Oak Pipeline, LLC Rules and Regulations**  
**Governing Crude Petroleum Transportation By Pipeline**

Carrier will receive, transport, and deliver Crude Petroleum through its facilities only as provided in these Rules and Regulations, except that specific Rules and Regulations published in individual tariffs will take precedence over Rules and Regulations published herein or in succeeding reissues of these Rules and Regulations.

**20. Definitions**

**“Adjusted Nominations”** means the valid and binding Nominations that are received by Carrier from Shippers, as may be modified by Carrier pursuant to Carrier’s Proration Policy if Shippers have been notified that a specific Pipeline segment has been prorated.

**“Barrel”** means a volume of forty-two (42) United States Gallons at sixty degrees (60°) Fahrenheit and zero (“0”) gauge pressure if the vapor pressure of the petroleum is at or below atmospheric pressure, or at equilibrium vapor pressure if the vapor pressure of the petroleum is greater than atmospheric pressure.

**“Carrier”** means Gray Oak Pipeline, LLC.

**“Committed Shipper”** means a Shipper that has committed to ship, or pay a deficiency payment for failure to ship, certain minimum volumes of Crude Petroleum pursuant to a TSA on specified segments of the Pipeline, as provided in such Shipper’s TSA.

**“Consignee”** means the party, including a connecting pipeline system or connecting terminal, to whom Shipper has ordered Delivery of Crude Petroleum.

**“Crude Petroleum”** means the direct product of oil wells or a mixture of the indirect products transportable like the direct products and containing not more than two percent (2%) of sediment, water, and other impurities.

**“Destination Point”** means a destination point provided in Carrier’s tariffs.

**“Delivery”** means the transfer from Carrier at destination to Shipper or Shipper’s Consignee.

**“Nomination”** means a request by a Shipper to Carrier to transport a stated quantity of Crude Petroleum on the Pipeline for the account of such Shipper in any month.

**“Origin Point”** means an origin point provided in Carrier’s tariffs.

**“Origin Point”** means an origin point provided in Carrier’s tariffs.

**“Pipeline”** means the pipeline system of Gray Oak Pipeline, LLC.

**“Receipt”** means the transfer from Shipper at an Origin Point to Carrier for transportation.

**“Required Inventory”** means the volume of Crude Petroleum, by grade, required by Carrier for line fill, working stock and storage receptacle bottoms.



**20. Definitions – Continued**

“**Shipper**” means the party who contracts with Carrier for the transportation of Crude Petroleum under the terms of Carrier’s tariffs.

“**Shipper’s Inventory**” means total Receipts of Crude Petroleum, by grade, from a single Shipper less Deliveries to that Shipper’s Consignees.

“**Specified Grade**” means Crude Petroleum meeting certain specifications designated by Carrier for such grade of Crude Petroleum.

“**Tender**” means to physically deliver, or cause to be delivered, Crude Petroleum, by or on behalf of a Shipper to Carrier for transportation from an Origin Point to the Destination Point, in accordance with Carrier’s confirmed Nominations schedule for Crude Petroleum Receipts and tariffs, to the custody transfer point for Receipt into the Pipeline at the Origin Point.

“**TSA**” means a Transportation Service Agreement executed pursuant to an open season of Carrier.

**21. Quality Specifications; Restrictions**

Carrier will receive Crude Petroleum only through its facilities at an Origin Point. Carrier reserves the absolute right to reject on a not unduly discriminatory basis (without limitation), and Shipper shall not deliver to Carrier without Carrier’s written consent, any or all of the following:

- (1) Crude Petroleum that is not readily susceptible to transportation through Carrier’s existing facilities;
- (2) Crude Petroleum having a true vapor pressure in excess of 11.0 pounds per square inch absolute (psia) at 100°F, using ASTM D6377 methodology, or that would result in Carrier’s non-compliance with any federal, state, or local requirements regarding hydrocarbon emissions;
- (3) Crude Petroleum with a Reid Vapor Pressure in excess of 9.5 psia;
- (4) Crude Petroleum having an API (American Petroleum Institute) gravity in excess of 78.9°;
- (5) Crude Petroleum having an API gravity less than 36°;
- (6) Crude Petroleum having a sulfur content weight % greater than 0.50%;
- (7) Crude Petroleum exceeding 10 ppm hydrogen sulfide (H<sub>2</sub>S), using ASTM D5705-15 methodology;
- (8) Crude Petroleum having basic sediment, water and other impurities of greater than one (1) percent, with a maximum of three tenths (0.3) percent free water;  
and
- (9) Crude Petroleum that does not meet the specifications of the connecting carriers.

Carrier reserves the right to reject any Crude Petroleum offered for transportation other than good and merchantable Crude Petroleum of acceptable character or that, when measured and tested by Carrier or Carrier’s representative at the Origin Point, meets all of the qualifications set forth in this tariff. The presence of contaminants in Crude Petroleum, including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons and/or lead or iron shall be reason for Carrier to reject any Crude Petroleum. Crude Petroleum containing such contaminants shall be deemed to be unmerchantable, and a Shipper who offers contaminated Crude Petroleum shall be deemed to have breached the warranty and representations set forth in Item No. 75 herein.

**21. Quality Specifications; Restrictions - Continued**

Carrier will from time to time give notice to Shippers establishing categories of Crude Petroleum and Specified Grade(s) therein that it will regularly transport as a common stream between each Origin Point and each Destination Point. For the avoidance of doubt, if a Specified Grade has crude quality specifications more restrictive than those generally applicable to Crude Petroleum in this Item 21, then Carrier shall apply the more restrictive crude quality specifications for the Specified Grade to Barrels in the common stream for such Specified Grade, as well as the other crude quality specifications generally applicable to Crude Petroleum in this Item 21. The Shipper shall, at the request of the Carrier, make such Specified Grade(s) available in such quantities and at such times as may be necessary to permit such common stream movements. Carrier may from time to time, after reasonable notice to Shippers who have shipped a category of Crude Petroleum or a Specified Grade therein in the prior 3 months, cease to transport such category of Crude Petroleum or Specified Grade as a common stream or change the specifications of a particular category of Crude Petroleum or a Specified Grade transported as a common stream.

At the request of a Shipper, and subject to other provisions of the Rules and Regulations, Carrier will accept for shipment the following Specified Grade(s), to be transported as a common stream of Crude Petroleum from the Origin Point to the Destination Point.

	<b>WTI<sup>1</sup></b>	<b>WTI Light<sup>1</sup></b>	<b>WTI Light - 48<sup>1</sup></b>	<b>Condensate<sup>1, 2</sup></b>
API Gravity Range, ° API	>37°, <=44°	>44°, <= 50°	>44°, <=48°	>48°, <=52°
Sulfur Content, Weight %	<=0.45	<=0.20	<=0.20	<=0.20
Max True Vapor Pressure, psi	11.0	11.0	11.0	11.0
Max Reid Vapor Pressure	9.5	9.5	9.5	9.5
BS&W	<=1.0%	<=1.0%	<=1.0%	<=1.0%
Mercaptan Sulfur, ppm	75.0	75.0	75.0	75.0

1 Applicable to Carrier's operational tankage at its Mentone Station, Wink Station, Crane Station, Central Junction Station and Taft Station for aggregation of this Specified Grade.

2 Carrier will only accept Condensate for shipments from Zena to Mentone until further notice.

The specifications for any Specified Grades are, without limitation, subject to modification from time to time in the event upstream connecting carriers modify their specifications for similar grades of Crude Petroleum.

At the request of a Shipper, and subject to other provisions of these Rules and Regulations, Carrier may agree to accept for shipment other categories of Crude Petroleum or Specified Grades to be transported as a common stream pursuant to a rates tariff, subject to the operating conditions of the facilities. Such request must specify (1) a vapor pressure using ASTM D6377 methodology and/or an API (American Petroleum Institute) gravity range; and (2) a sulfur content weight % limitation. Crude Petroleum Tendered for transportation which differs in grade and general characteristics from that usually transported by Carrier will, at the Carrier's option, be transported only under terms agreed upon, in writing, by Shipper and Carrier. Shipper shall provide adequate storage and other facilities for measuring, testing, collecting, and Tendering sufficient Crude Petroleum for aggregation of minimum batch volumes for Tender to Carrier at the mainline hourly throughput rates of the segment to which Customer's volumes are to be Tendered. Carrier does not have facilities for rendering, nor does it offer, storage services, except as otherwise specified on a specific rate tariff. Carrier will determine and advise shippers of the facilities to be provided to meet the operating conditions of Carrier's facilities. Carrier will not accept Crude Petroleum for transportation, unless such facilities have been provided.

If Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that does not comply with the quality specifications of Carrier's tariffs, such Shipper will be excluded from further entry into applicable segments of the pipeline system until such time as the quality of the Crude Petroleum is to the satisfaction of Carrier. Carrier is not responsible for monitoring receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum contained within its pipeline system. Disposal thereof may be made in any reasonable manner, including but not limited to commercial sales, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper that introduced the contaminated Crude Petroleum into Carrier's system. Shipper liability includes, but is not limited to, claims from other shippers, carriers, or users of the contaminated Crude Petroleum and the costs of any regulatory or judicial proceeding associated with the contamination or disposal of such Crude Petroleum.

## **22. Destination Arrangements Required**

Carrier will receive Crude Petroleum for transportation only (a) when Crude Petroleum is to be received into Carrier's facilities at an Origin Point and Shipper or Consignee has made arrangements for further transportation beyond the Destination Point or (b) when Shipper or Consignee has provided the necessary facilities for receiving Crude Petroleum promptly on arrival at destination.

## **23. Gauging, Metering, Testing, Volume Corrections and Deductions**

All shipments Tendered to Carrier for transportation shall be gauged or metered and tested by a representative of Carrier or by automatic equipment approved by Carrier prior to, or at the same time as, Receipt from the Shipper. But the Shipper or Consignee shall have the privilege of being present or represented during the gauging or metering and testing. Shipper will grant access to Shipper's facility to Carrier's representative for witnessing meter or gauge readings or meter proving and for any other required inspection incidental to measurement and transportation of Crude Petroleum.

Quantities gauged or metered shall be corrected from observed temperatures to sixty degrees (60°) Fahrenheit using applicable Standard Petroleum Measurement Tables adopted jointly by the American Petroleum Institute (API Standard 2540) and the American Society for Testing Materials (ASTM Standard D 1250). The full percentage of water or other impurities as ascertained by a centrifuge machine or other tests will be deducted from the correct volume.

Net of Carrier's adjustment for basic sediment, water, and other impurities, except as otherwise specified on a specific rate tariff, all Tenders of Crude Petroleum shall also be subject to an adjustment (positive or negative) to account for inherent gains or losses, including but not limited to shrinkage, evaporation, interface gains or losses and normal "over and short" gains or losses, with such adjustment determined by Carrier on the basis of total quantities transported for the applicable crude segregation(s) or batched movement(s), based on actual historical experience. For the avoidance of doubt, all Tenders of Committed Shippers for Upstream Segmented Nominations and for Downstream Segmented Nominations, in each case as defined in a Committed Shipper's TSA, shall be considered separate Tenders for purposes of the adjustment referred to above.

**25. Required Inventory**

Each Shipper shall supply its share of Required Inventory by types and volumes as determined from time to time by Carrier. During the term of their TSAs, Committed Shippers shall be required to maintain a share of Required Inventory as set forth in their respective TSAs whether or not such Committed Shippers Nominate for shipments on the Pipeline. Such Required Inventory may be withdrawn from Carrier's system at any time within ninety (90) days subsequent to: (1) Shipper having ceased Tendering shipments and notified Carrier in writing that it will no longer Tender shipments to Carrier; (2) Shipper balances having been reconciled between Shipper and Carrier; and (3) Shipper having paid Carrier for all services.

**30. Mixing in Transit**

Crude Petroleum will be accepted for transportation only on condition that it shall be subject to normal changes in general characteristics while in transit as may result from the mixture of such Crude Petroleum with other Crude Petroleum in the Pipeline and/or tanks of Carrier.

Carrier will not be liable for variations of gravity or quality of Crude Petroleum occurring while in its custody and is under no obligation to deliver the identical Crude Petroleum as received or Crude Petroleum of the same quality specifications; provided that if Crude Petroleum is designated by a Shipper as a Specified Grade to be shipped in a common stream and is received by Carrier as Crude Petroleum meeting such Specified Grade specifications, Carrier shall endeavor to deliver the same grade specifications of such Specified Grade as results, from time to time, from the volumes of the Specified Grade received from all Shippers transporting in the common stream of such Specified Grade.

**35. Clear Title Required**

Carrier shall have the right to reject any Crude Petroleum on a non-discriminatory basis when Tendered for transportation, which is involved in litigation, or the title of which is in dispute, or which is encumbered by lien or charge of any kind, and it may require of the Shipper satisfactory evidence of its perfect and unencumbered title or a satisfactory indemnity bond to protect the Carrier.

**40. Common Stream Petroleum Connecting Carriers**

When both Receipts from and/or Deliveries to a connecting carrier of substantially the same category of Crude Petroleum or Specified Grade are scheduled at the same interconnection, Carrier reserves the right, with cooperation of the connecting carrier, to offset like volumes of such common stream Crude Petroleum. When this right is exercised, Carrier will make deliveries for the Shipper involved from its substantially similar common stream Crude Petroleum.

[U] All rates remain unchanged.

#### **45. Deliveries and Demurrage**

Carrier will transport Crude Petroleum with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation, and other material elements, but may at any time, after Receipt of a consignment of Crude Petroleum, Tender Crude Petroleum conformable to specifications herein, for Delivery from its common stock at the Destination Point. If Shipper or its Consignee is unable to accept

Delivery of a scheduled shipment of Shipper's Crude Petroleum, Carrier may assess a demurrage charge on all Crude Petroleum remaining undelivered one (1) hour after Carrier's scheduled time for Delivery of such shipment, at the following rate: [U] four and one-half cents (4.5¢) per Barrel per hour following such scheduled delivery time. Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only. If the Shipper or Consignee is unable or refuses to receive said Crude Petroleum when it is ready to be Delivered at the specified destination, Carrier reserves the right to make arrangements, at Shipper's sole cost and expense, for disposition of the Crude Petroleum, including proceed to sell such Crude Petroleum, in accordance with the applicable provisions of state law; provided that the proceeds from any such sale of Crude Petroleum, net of the associated costs and expenses for the arrangements made by Carrier, shall be for Shipper's account.

#### **50. Payment of Transportation and Other Charges**

A Shipper shall pay all charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's Crude Petroleum by the Carrier. The Shipper shall pay such charges and costs based on Receipts into the Pipeline, or before acceptance by the Carrier of the Shipper's Crude Petroleum at the Origin Point. Shipper shall be responsible for transportation and all other charges applicable to the particular shipment, and, if required, shall prepay all charges or furnish guaranty of payment satisfactory to Carrier. Payment of all charges is due by the later of (i) 10 days after Shipper's receipt of the applicable invoice, or (ii) the twentieth (20th) day of the month in which Shipper receives the applicable invoice. Carrier shall have a security interest in all Crude Petroleum accepted from Shipper under this tariff. This security interest shall secure: (1) all transportation and any other charges due or to become due from Shipper under the terms of this tariff; (2) all deficiency payments or other obligations due from a Committed Shipper; and (3) all costs and expenses of Carrier in exercising any of its rights detailed below, including, but not limited to, reasonable attorney fees, storage charges, and settlement of conflicting liens. At Carrier's request, 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. The security interest provided herein shall be in addition to any lien provided by statute or common law. In the event Shipper fails to satisfy when due any obligation to Carrier, Carrier shall have all of the rights and remedies accorded to a secured party under applicable state law and in addition may take any or all of the following actions: (1) refuse to deliver Crude Petroleum in its custody until all such obligations have been paid; (2) proceed to sell such Crude Petroleum, in accordance with the applicable provisions of state law, and apply the proceeds to such obligations, (3) store such Crude Petroleum or contract for storage of such products pending sale or other disposition; or (4) take any other action it deems necessary for the proper protection and sale of such Crude Petroleum. Carrier may agree, at its sole discretion, to waive its security interest in the Crude Petroleum if Shipper or Consignee provides sufficient security satisfactory to Carrier.

In the event Carrier determines that (1) the Shipper or prospective Shipper's financial condition is or has

become impaired or unsatisfactory, (2) any Financial Assurances previously provided by Shipper no longer provides adequate security for the performance of such Shipper's obligations, or (3) Carrier otherwise determines that it is necessary to obtain additional Financial Assurances from Shipper; then Carrier, upon notice to Shipper, may require one or more of the following ("Financial Assurances") for the payment of obligations, to be provided at the expense of Shipper: (a) prepayment (which will be held by Carrier without interest accruing thereon) in an amount and in a form satisfactory to Carrier, (b) a standby irrevocable letter of credit in favor of Carrier in an amount and in a form satisfactory to Carrier and issued by a financial institution acceptable to Carrier, or (c) a guaranty in an amount and in a form satisfactory to Carrier and provided by a guarantor acceptable to Carrier, or other enforceable collateral security or credit support, in a form and substance acceptable to Carrier.

Shipper shall provide Financial Assurances for the payment of the charges, fees and costs as provided in this tariff or otherwise lawfully due to Carrier relating to the transportation of Shipper's Crude Petroleum by Carrier. For purposes of this tariff, and without limiting generality of the charges, fees and costs lawfully due to Carrier under this tariff, those charges shall include, but are not limited to, transportation charges, fees, costs and negative Shipper's balance positions.

### **55. Proration of Pipeline Capacity**

If, during any period, the total volume of Crude Petroleum nominated over any segment of the Pipeline is in excess of the normal operational capacity of said segment, Carrier shall allocate transportation capacity in accordance with the "Proration Policy", dated [W] April 1, 2023 ~~2/28/2020~~. The Proration Policy will be provided upon request by the person listed as compiler on the title page of this tariff.

### **60. Liabilities of Parties**

As a condition to Carrier's acceptance of Crude Petroleum under this tariff, each Shipper agrees to protect and indemnify Carrier against claims or actions for injury and/or death of any and all persons whomever and for damage to property of, or any other loss sustained by Carrier, Shipper, Consignee and/or any third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and/or 2) the negligent act(s) or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with Delivery or Receipt of Crude Petroleum.

The Carrier, while in possession of Crude Petroleum herein described, shall not be liable for any loss of Crude Petroleum, damages in connection therewith, or delay because of any act of God, the public enemy, civil disorder, quarantine, the authority of laws, strikes, riots, fire, floods or the acts of default of Shipper or Consignee, or from any other causes not due to the negligence, gross negligence, or willful misconduct of Carrier. In case of loss or damage from causes other than the negligence, gross negligence, or willful misconduct of Carrier, such loss or damage shall be charged proportionately to each shipment in the ratio that such shipment, or portion thereof, received and undelivered at the time the loss or damage occurs, bears to the total of all shipments or portions thereof, then in custody of Carrier for shipment via the lines or other facilities in which the loss or damage occur. Consignee shall be entitled to receive only that portion of a Shipper's shipment remaining after deducting its proportion of such loss or damage, determined as aforesaid, and Shipper shall be required to pay transportation charges only on the quantity delivered. CARRIER WILL NOT BE LIABLE FOR SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, EXCEPT AS OTHERWISE PROVIDED HEREIN. FOR THE AVOIDANCE OF DOUBT, DEFICIENCY PAYMENTS AND ANY OTHER PAYMENTS UNDER SECTION 4 OF A TSA SHALL BE DEEMED DIRECT DAMAGES AND NOT EXCLUDED BY THIS ITEM NO. 60.

[U] All rates remain unchanged.

**65. Notice of Claims**

As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) months after Delivery of Crude Petroleum, or, in case of failure to make Delivery, then within nine (9) months after a reasonable time for Delivery has elapsed; and suits shall be instituted against Carrier only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof.

**70. Change in Ownership - Product Transfer Orders (“PTOs”)**

Intrasystem transfers will not be recognized by Carrier for Crude Petroleum in Carrier's custody, except for transfers resulting from application of Item 50 or this Item 70 herein.

- (a) Notice of change in ownership of Crude Petroleum shall be recognized and recorded only when such Crude Petroleum is being transported on the Carrier’s system and only on a monthly basis. Change in ownership of Crude Petroleum shall only be available for Crude Petroleum with an Active PTO Location. Statements denoting ownership transactions shall be provided to the applicable transferors and transferees. The Carrier shall not provide any information as to the quality of the Crude Petroleum subject to changes in ownership except for the Specified Grade on current Receipts when requested. Each transferor and transferee shall be charged a Delivery PTO Fee or a Receipt PTO Fee, respectively, for recognizing and recording the change in ownership and, if required shall pay said charge prior to the recognizing and recording of such change. The transferor and transferee, at the Carrier’s option, may be required to provide Financial Assurances satisfactory to the Carrier prior to such recognizing and recording, subject to Item 50. The recognition by the Carrier of a change in ownership of Crude Petroleum requires the recording thereof, and the Carrier is entitled to a lien for all such charges and fees associated with the change in ownership. Any failure to pay said charge shall be subject to Item 50.

<b>Active PTO Location</b>	<b>Delivery PTO Fee</b>	<b>Receipt PTO Fee</b>
Crane, Crane County, TX	[U] \$0.005 per Barrel	[U] \$0.005 per Barrel
Central Junction, Live Oak County, TX	[U] \$0.005 per Barrel	[U] \$0.005 per Barrel
Wink, Winkler County, TX	[U] \$0.005 per Barrel	[U] \$0.005 per Barrel

- (b) The Carrier shall not be obligated to recognize and record changes in ownership of Crude Petroleum during any operating month unless the transferor and transferee requesting the carrier to recognize and record the change in ownership shall each provide notice to the Carrier containing like data relative to the crude oil grade, quantity, location transferor and transferee, the Origin Point to the Active PTO Location, and the Delivery Point from the Active PTO Location of the Crude Petroleum, subject to Item 75.
- (c) When the quantity of the Crude Petroleum received during the operating month is not equivalent to the quantity of Crude Petroleum subject to the notice of change in ownership, the Carrier shall not be required to recognize and record the change in ownership beyond the extent of the quantity received.
- (d) A notice of change in ownership of Crude Petroleum shall be deemed: (1) a warranty that the transferor has unencumbered title to the Crude Petroleum identified in its notice at the time of change in ownership, and (2) a representation that the change in ownership is effective as of 7:00 a.m. (Central Clock Time) on the first day of the operating month.

- (e) The Carrier may, in the absence of adequate security, decline to recognize and record any change in ownership of Crude Petroleum.
- (f) A transfer of a Shipper's rights and obligations under this Item 70 respecting its Crude Petroleum will not be binding or effective on the Carrier until the Carrier has provided a notice of acceptance to the transferor and transferee. The Carrier will not provide a notice of acceptance of a transfer until such time as the transferee has satisfied the Carrier of its capacity to undertake the transferor's obligations as set forth in this tariff.

## **75. Nominations and Tenders**

Shippers desiring to nominate Crude Petroleum for transportation by the Carrier shall provide Carrier with written notice of the type and quantity of its Nomination ("Notice of Intent to Ship"). Shippers also shall promptly provide Carrier with other information requested by Carrier to confirm that the Nominations and the proposed shipment will comply in all respects with this tariff. Each monthly Notice of Intent to Ship shall contain a warranty in favor of Carrier that the Crude Petroleum identified in the Nomination meets Carrier's specifications as set forth in Item No. 21 herein. Notices of Intent to Ship must be received by Carrier via facsimile transmission equipment acceptable to Carrier on or before 4:15 P.M. central time, the last working day prior to 15<sup>th</sup> day of the month preceding the month during which shipment is requested. A "working day" 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.

Crude Petroleum will be accepted for transportation under this tariff in shipments not less than 30,000 Barrels from one Shipper at origin stations at or upstream of Carrier's Wink Station and 50,000 Barrels downstream of Carrier's Wink Station. Carrier shall have the option to accept smaller batches. No Tender shall be considered beyond the amount which the party requesting shipment has readily accessible for shipment.

## **80. Parked Barrels**

Subject to Item 55 and the other terms and conditions of Carrier's tariffs, Committed Shipper will be permitted, by notice to Carrier given with its Nomination, to park the number of Barrels specified in such notice (but in shipments not less than the minimum shipment volume under Item 75) at the Phillips 66 Destination for temporary (not exceeding six (6) months) storage in transit (which storage must be separately provided by such Committed Shipper or its Consignee, unless otherwise agreed upon in writing between such Committed Shipper and Carrier), provided that in any given month the aggregate volume of such Barrels to be parked under such Nomination(s) shall not exceed the Committed Shipper's monthly minimum volume commitment for such month for the applicable path. Following not more than six (6) months of storage in transit, and subject to Item 55 and the other terms and conditions of Carrier's tariffs, such Committed Shipper shall be permitted, as part of its committed tariff rate, to re-enter the parked Barrels (but in shipments not less than the minimum shipment volume under Item 75) at the Phillips 66 Destination for shipment to a downstream Delivery Point, subject to receipt by the Carrier of a re-entry notice from such Committed Shipper within the time permitted in the Carrier's monthly nomination schedule.

PLEASE NOTE: IN THE EVENT OF ANY CONFLICT BETWEEN SECTION I AND SECTION II OF THIS TARIFF, SECTION II WILL GOVERN.



**EXPLANATION OF REFERENCE MARKS**

[C] Cancel

[N] New

[U] Unchanged Rate

[W] Change in Wording Only