

# **BAYOU BRIDGE PIPELINE, LLC**

## **RULES AND REGULATIONS**

### **Applying to the Transportation of CRUDE PETROLEUM**

The Rules and Regulations published herein apply only under tariffs making specific reference by F.E.R.C. tariff number to this tariff; such reference will include supplements hereto and successive issues hereof.

~~[C] Filed on 24 days' notice under authority of 18 C.F.R. § 341.14 (Special Permission). This tariff is conditionally accepted subject to refund pending a 30-day review period.~~

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

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**GENERAL APPLICATION**

**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.**

**5. 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 Bayou Bridge 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.

“Delivery” means the transfer from Carrier at destination to Consignee.

“Destination Point” means the destination points provided in this Tariff.

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

“Heavy Crude Petroleum” means Crude Petroleum having (a) an API (American Petroleum Institute) gravity equal to or less than 29 degrees at sixty degrees Fahrenheit (60° F) or (b) a kinematic viscosity in excess of 18 centistokes at Carrier’s reference line temperature.

“Monthly Minimum Volume Commitment” means the product of the minimum daily volume commitment of Crude Petroleum for a specified Path (as defined in such Committed Shipper’s TSA) on the Pipeline set out in Schedule A to a Committed Shipper’s TSA and the number of days in the relevant month.

“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 the origin point(s) provided in this Tariff.

“Pipeline” means the crude oil pipeline system owned by Carrier.

“Receipt” means the transfer from Shipper at an Origin Point(s) 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.

“Shipper” means the party who contracts with Carrier for the transportation of Crude Petroleum under the terms of this tariff.

“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” or “Tendering” 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 this tariff.

“TSA” means a Transportation Service Agreement executed by a Committed Shipper and Carrier pursuant to Carrier’s open season that commenced on December 1, 2014, or Carrier’s supplemental open season that commenced on October 1, 2015.

#### **10. Quality Specifications; Restrictions**

Carrier will receive Crude Petroleum only through its facilities at an Origin Point. Shipper shall not deliver to Carrier without Carrier’s written consent, and Carrier reserves the absolute right to reject on a not unduly discriminatory basis, without limitation, 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 Reid Vapor Pressure in excess of 9.5 pounds per square inch absolute or that would result in Carrier’s non-compliance with any federal, state, or local requirements regarding hydrocarbon emissions; (3) Crude Petroleum having an API gravity in excess of 65°; (4) Crude Petroleum having an API gravity less than 19°; (5) Crude Petroleum exceeding 10 ppm hydrogen sulfide (H<sub>2</sub>S), using ASTM D5705-12 methodology; (6) Crude Petroleum having basic sediment, water and other impurities of greater than one-half (1/2) of one

(1) percent; and (7) Crude Petroleum having a kinematic viscosity in excess of three hundred and fifty (350) centistokes at Carrier's reference line temperature; (8) 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 which, when measured and tested by Carrier or Carrier's representative at the Origin Point, meets all of the qualifications under 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 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.

Pursuant to an applicable rates tariff, 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. 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.

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.

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, at the Origin Point, adequate storage and other facilities for receiving, measuring, testing, and collecting sufficient Crude Petroleum for aggregation into minimum batch volumes. Carrier has working tanks that are needed to receive the Specified Grade(s) hereunder, and therefore does not have facilities for rendering, nor does it offer, storage services. Carrier will determine and advise shippers of the facilities to be provided at the point of Receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation, unless such facilities have been provided.

**15. 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.

**20. 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.

Volume and density measurements shall be adjusted from observed conditions to standard or base conditions of 60 degrees Fahrenheit and a pressure of one standard atmosphere of 14.696 psia in accordance with the latest revision of API MPMS Chapter 11 (e.g., Table 6A). Volumetric deductions for basic sediment and water content shall be made by one of the methods described in API MPMS Chapter 10 in the following order of preference: (a) for water, API MPMS Chapter 10.4 (Centrifuge – Field), API MPMS Chapter 10.3 (Centrifuge – Lab) or Karl Fisher (ASTM D4928) and (b) for Sediment, API MPMS Chapter 10.4 (Centrifuge – Field), API MPMS Chapter 10.3 (Centrifuge – Lab), Membrane filtration (ASTM D4807), or Extraction (ASTM D473).

Net of Carrier's adjustment for basic sediment, water, and other impurities, a further deduction of two tenths of one percent (0.20%) as allowance oil shall be made on each Barrel received from the Shipper to cover losses inherent in the transportation of Crude Petroleum by the pipeline. All Receipts of Crude Petroleum and indirect liquid products having an API gravity of 55 degrees or above shall also be subject to further deduction to cover shrinkage and evaporation. Such deduction shall be determined in accordance with the following table:

<b>API Gravity, Degrees</b>	<b>Deduction For Incremental Evaporation &amp; Loss</b>
55° through 59.9°	1.5%
60° through 65°	2.0%

**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 based on their Monthly Minimum Volume Commitment, 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 substantially the same grade specifications of such Specified Grade as that received from a Shipper.

**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.

**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, upon twenty-four (24) hours' notice to the

Consignee, Tender Crude Petroleum conformable to specifications herein, for Delivery from its common stock at the Destination Point. At the expiration of such notice, the Carrier may assess a demurrage charge on all Crude Petroleum tendered for Delivery and remaining undelivered, at the rate for each day of twenty-four (24) hours, or fractional part thereof, as follows; Fifty-Three hundredths cents (0.53¢) per Barrel per day. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only. If the Shipper or Consignee is unable or refuses to receive said Crude Petroleum as it arrives 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.

**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 within 10 days from receipt of 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.

**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," effective on March 21, 2016. 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; damage thereto; 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 of Carrier. In case of loss or damage from causes other than the negligence 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.

**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. Intrasystem Transfers**

Intrasystem transfers will not be recognized by Carrier for Crude Petroleum in Carrier's custody, except for transfers resulting from application of Item No. 50 herein.

**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. 10 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 16th 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 sixty thousand (60,000) Barrels from one Shipper. [N] The St. James, Louisiana destination point is not less than one hundred thousand (100,000) Barrels from one Shipper. 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.

**EXPLANATION OF REFERENCE MARKS:**

[N] NEW

[W] CHANGE IN WORDING