

**J.C. Nolan Pipeline Co., LLC<sup>◆</sup>**  
TEXAS LOCAL TARIFF

CONTAINING

**RULES AND REGULATIONS**

GOVERNING THE TRANSPORTATION OF

**PETROLEUM PRODUCTS**

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

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**J.C. Nolan Pipeline Co., LLC's  
RULES AND REGULATIONS GOVERNING PETROLEUM PRODUCTS  
TRANSPORTATION BY PIPELINE**

**Rule 1. Definitions**

“**ASTM**” means the American Society for Testing Materials

“**Barrel**” means a barrel of forty-two (42) gallons, United States measurement, at sixty degrees Fahrenheit (60°F) and zero (0) psi gauge.

“**Binding Nomination**” means a Nomination made by a New Shipper or a Regular Shipper on a prorated line segment that has been accepted for shipment by Carrier during a month of allocation.

“**Carrier**” means J.C. Nolan Pipeline Co., LLC.

“**Consignee**” means anyone to whom custody is to be given at the specific instructions of a Shipper when Petroleum is delivered at a destination.

“**Extraordinary Operating Conditions**” means operating conditions which result in the total system capacity of a pipeline segment available for shipments of Petroleum being reduced below the design capacity for any reason, including, but not limited to, events of force majeure, other weather conditions, repairs or maintenance.

“**Historical Volume**” means a Shipper’s average monthly product movement during the 12 months immediately following the date that is 13 months prior to the first day of the month during which capacity will be allocated; provided that Historical Volume does not include the product movement of a Priority Service Shipper during any month of such period that does not exceed the Shipper’s Entitlement except that, for purposes of calculating the Historical Volume of a Priority Service Shipper (excluding a Priority Service Shipper whose TSA was terminated based on its default) after the end of the term of its TSA, its Historical Volume will take into account all of the product movement of such Shipper, including its Shipper’s Entitlement, during the last 12 months of such term to the extent such months are included in the rolling 12 month calculation.

“**New Shipper**” means any Shipper that has a Historical Volume of zero.

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

“**Operating Month**” means any month in which Carrier either transports Petroleum or recognizes and records a change in the ownership of Petroleum for the account of Shipper. For purpose hereof, the month shall be deemed to begin on the first day of such month at 0001 hours until the first day of the succeeding month at 2400 hours [Central Standard or Central Daylight Savings Time, whichever is in effect on the date specified].

“**Petroleum Products,**” or “**Petroleum,**” means and is limited to petroleum oil distillates further described in Rule 2.

“**Priority Service Nomination Limit**” has the meaning defined in section 3 of Rule 5.

“**Priority Service Shipper**” means a Shipper that has committed to tender for shipment, or pay a deficiency payment for failure to tender for shipment, certain minimum volumes of Petroleum pursuant to a TSA entered into with Carrier.

“**Priority Service Shipper Available Capacity**” has the meaning defined in section 3 of Rule 5.

“**Regular Shipper**” means any Shipper that has a Historical Volume greater than 0 Barrels.

“**Regular Shipper Available Capacity**” has the meaning defined in section 6 of Rule 5

“**Shipper**” as herein used means the consignor of a Tender.

“**Shipper’s Entitlement**” means the minimum volume commitment of Petroleum set forth in Schedule A to a Priority Service Shipper’s TSA, multiplied by the number of days in the applicable month.

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

“**TSA**” means a Transportation Services Agreement executed by the Carrier and a Priority Service Shipper pursuant to the open season that commenced on April 13, 2018.

Rule 2. **Specifications Required** – Shipper will not deliver to Carrier for transportation, and Carrier will have no obligation to accept or transport, Petroleum that does not satisfy the shipment acceptance terms contained in the “J.C. Nolan Pipeline Diesel Fuel Specifications dated July 1, 2019.” Said specifications will be provided upon request by the person listed as “compiler” on the title page of these Rules and Regulations, and may be updated at any time by Carrier to comply with applicable law or as may be necessary to comply with upstream or downstream connecting carrier requirements or Carrier’s own operational requirements.

Carrier shall not be responsible for discoloration or contamination of Petroleum transported by it unless such discoloration or contamination was caused by the negligence of Carrier.

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

Rule 3. **Storage, Origin and Destination Facilities** – Petroleum will be received for transportation only when Shipper has provided facilities satisfactory to originating and delivering carriers for delivering Petroleum to the pipeline at terminal of receipt and for receiving said Petroleum as it arrives at destination.

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

Rule 4. **Tenders** - All Shippers Tendering Petroleum to Carrier will promptly provide Carrier with all Nomination information required by Carrier to schedule the shipment of Petroleum which Shipper desires to be made to satisfy Carrier that Tenders are in good faith and can be transported in conformance with these Rules and Regulations. Carrier may refuse to accept Petroleum for transportation until Shipper has provided Carrier with such information.

Carrier will not be obliged to accept a Tender for any Operating Month unless the Shipper submits its Nomination to the Carrier on or before the fifteenth (15<sup>th</sup>) day of the preceding Operating Month.

Carrier can require Tenders for the same kind and quality of Petroleum in minimum of ten thousand (10,000) barrel shipments consigned to the same destination point. Tenders shall become operative in the order in which they are received and accepted by Carrier. Carrier at its option and for its convenience may transport such Petroleum by intermittent pumpings.

**Rule 5. Apportionment When Nominations Are in Excess of Facilities** - If Carrier receives valid Nominations in any given Operational Month that exceed the capacity of Carrier's system or a portion of its system, then Carrier will apportion capacity among Shippers using the following procedure:

**Prorating of capacity**

- (1) **When capacity will be prorated.** Carrier will prorate the capacity of its system or a portion of its system during any Operational Month when it determines, based upon the Nominations for such Operational Month, that the total volume nominated by all Shippers for shipment on Carrier's system or portion thereof during that Operational Month exceeds the capacity of the system or portion thereof.
- (2) **Division of Capacity between Shipper classes.** Capacity will initially be divided among Priority Service Shippers as a class, Regular Shippers as a class, and New Shippers as a class; thereafter capacity will be divided among the various Shippers comprising each such class in accordance with the provisions of sections (3) through (5) below. A Priority Service Shipper that nominates more than the Shipper's Entitlement will be allocated capacity as both a Priority Service Shipper and as a Regular Shipper or New Shipper, as applicable, for such volumes in excess of the Shipper's Entitlement.
- (3) **Allocation of Capacity to each Priority Service Shipper.** Each Priority Service Shipper will be allocated capacity equal to the lesser of the Shipper's Entitlement or its nominated volume for the Operating Month (the "Priority Service Nomination Limit"). Notwithstanding the foregoing, when Extraordinary Operation Conditions apply, the capacity allocated to Priority Service Shippers as a class will be reduced proportionately to the reduction in total system capacity ("Priority Service Shipper Available Capacity"), with each Priority Service Shipper allocated the portion that equals the Priority Service Shipper Available Capacity times a fraction, the numerator of which is its Priority Service Nomination Limit and the denominator of which is the aggregate Priority Service Nomination Limit of all Priority Service Shippers.
- (4) **Allocation to each New Shipper.** After allocating capacity to Priority Service Shippers, pursuant to section (3) above, each New Shipper will be allocated the least of its Nomination, the minimum tender as defined in Rule 4 or 2.5% of the remaining system capacity until the total capacity allocated to all New Shippers exceeds 7.5% of the remaining system capacity, at which time all New Shippers will be allocated an equal portion of the 7.5% of such remaining available system capacity.
- (5) **Allocation of Capacity to Regular Shippers.** After allocating capacity to Priority Service Shippers and New Shippers pursuant to sections (3) and (4) above, all remaining available capacity ("Regular Shipper Available Capacity") will be allocated to the Regular Shippers that have submitted Nominations for such Operating Month. Each such Regular Shipper will be allocated capacity that equals the lesser of (i) its Nomination or (ii) Regular Shipper Available Capacity times a fraction, the numerator of which is its Historical Volume and the denominator of which is the aggregate Historical Volume of all Regular Shippers. Until Carrier's system has been in operation for 12 months the foregoing allocation will be

- computed using the Historical Volumes for the months during which Carrier has been in operation.
- (6) **Unused Allocated Capacity.** Capacity allocated pursuant to sections (3) through (5) above that is not used by the Shipper to whom it is allocated may be used by Carrier to fulfill the Nomination of any other Shipper.
- (7) **Basis for allocation: notification.** During periods when Carrier applies this Proration Policy:
- i. The capacity allocated to a Shipper will be provided as a monthly value, and will be calculated for the Operating Month; and
  - ii. Carrier will use its reasonable efforts to notify each Shipper of its allocation not later than two business days after the Nomination is due for the Operating Month; and
  - iii. Each Shipper will then have a period of two business days from the notification to reduce or maintain its original Nomination. At 12:01 am on the third business day following the notification, the then-current Nomination shall be considered a Binding Nomination.
- (8) **Failure to use allocated capacity.** A Regular Shipper or New Shipper that does not use at least 85% of its Binding Nomination in any Operating Month when Carrier's system or a portion thereof is in allocation is accountable for payment of tariff fees for its actual shipment or 85% of its Binding Nomination, whichever is greater.

Carrier has the discretion to waive or modify application of this section (8) when Carrier determines that Shipper's failure was due to factors beyond the Shipper's control.

**Rule 6. Petroleum Products Involved in Litigation, Etc.** - Carrier may decline to accept for transportation Petroleum which is involved in litigation or which is not free from liens or charges.

**Rule 7. Measuring, Testing and Deductions** - All Petroleum tendered to the Carrier for transportation will be measured and tested in tanks by a representative of Carrier or by automatic equipment approved by Carrier. All measurements will be made in Barrels. When tanks are gauged, all Petroleum will be measured, sampled and tested prior to receipt or delivery. When automatic metering and sampling equipment is used, all Petroleum will be measured and sampled during receipt or delivery, and the quantity determined and tested after such receipt or delivery. Shipper or its Consignee may be present or represented at any measuring and testing.

Where Carrier uses a tank or meter of Shipper or its Consignee, Carrier reserves the right to request restrapping or check-strapping of the tank, and proving or check-proving of the meter.

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

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

The net balance at sixty degrees Fahrenheit (60°F) less sediment and water will be the quantity received or delivered by Carrier.

**Rule 8. Identity of Petroleum Products** - Petroleum will be accepted for transportation only on condition same will be subject to changes in gravity, color, quality or characteristics while in transit

as may result from commingling of such Petroleum with the same type of Petroleum in Carrier's system or as may result from unavoidable contamination, and Carrier will not be obligated to make delivery of the identical Petroleum received for transportation. Carrier may, therefore, make delivery of Petroleum out of common stocks of similar Petroleum on hand at delivery point.

Carrier's system will be used exclusively in the transportation of Petroleum specified and described in Rule 2 and Carrier, therefore, will not accept any other commodities for transportation. No Petroleum will be received for shipment except good merchantable Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other shippers. Petroleum of substantially different grade or quality will be received for transportation only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

**Rule 9. Reconsignment** - If no out of line or back haul movement or interference with shipping sequence is required, diversion may be made prior to arrival at original destination without charge, subject to the rates, rules and regulations applicable from point of origin to point of final destination.

**Rule 10. Warranties** - Shipper warrants that the Petroleum tendered to Carrier will conform with the Specifications stated in Rule 2, will be merchantable and will not be contaminated. Shipper will be liable to Carrier, other Shippers or Consignees for any damage, including special, incidental, and consequential, arising from a breach of this warranty. The transportation of the Petroleum may be refused or canceled if Carrier determines or is advised that the Petroleum does not meet the requirements of these Rules and Regulations. In addition, if Carrier samples the Petroleum prior to or after tendered by Shipper and if contracted laboratory test results determine that the Petroleum is nonmerchantable, Shipper will be liable to Carrier for the cost of such tests for nonmerchantable or contaminated Petroleum.

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

**Rule 11. Liability of Carrier** - Carrier will not be liable for any loss of Petroleum or damage thereto or delay resulting from any cause not reasonably within Carrier's control and which by the exercise of due diligence Carrier is unable to prevent or overcome, including (to the extent consistent with the foregoing requirements) the following: acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, wars, blockades, insurrections, riots, storms, floods, washouts, arrests, the order of any court or governmental authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, breakage, accidental damage to lines of pipe, machinery, or storage tanks, and the inability to obtain or delay in obtaining material, equipment, right of way easements, or permits, or the act of default of Shipper or owner (each a "**force majeure event**"). In such cases, the loss allocated to Shipper shall be the quantity equal to the amount of its Tenders for the month in which such loss occurs bears to the whole amount of the line fill and tankage in the system of Carrier during the month of such loss, and Shipper shall be entitled to receive only such portion of its Tenders as remains after deducting its due proportion of the loss. Carrier's custody of the Tenders shall end when Petroleum has been delivered into Shipper's or its consignee's facilities.

For any contamination or loss of Petroleum not caused by a force majeure event, the correction of the nonconformity, the payment of the difference between the reference price for similar Petroleum in the area of origin and the value of the degraded Petroleum, or the replacement of

the Petroleum, at Carrier's option, will constitute fulfillment of all liabilities of Carrier for such contamination or loss of Petroleum, whether the liabilities are based on contract, negligence or otherwise. Carrier will not be liable for special, consequential or incidental damages.

The reference prices for each type of Petroleum and the methodology for calculating the value of any overage or shortage periodically will be provided to Shipper in a letter from Carrier in advance of the effective date of any revision in the reference prices or methodology.

**Rule 12 Carrier's Remedies** - The transportation of Petroleum may be refused, terminated, diverted or returned if Carrier determines or is advised that the Petroleum does not meet the requirements of these Rules and Regulations. Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right to sell, and dispose of Petroleum which do not conform to the quality specifications set forth in Rule 2 of these Rules and Regulations without notice or liability. Except for any charges and expenses deducted from the proceeds of any sale in accordance with the following sentence, Shipper shall reimburse Carrier for all costs and expenses incurred by Carrier in returning or otherwise disposing of such non-conforming Petroleum. If Carrier shall sell such non-conforming Petroleum, the balance of any proceeds of sale, after Carrier shall have paid itself all transportation and all other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Petroleum until disposed of, shall be held for whomsoever may be lawfully entitled thereto.

Additionally, Carrier reserves the right to sample and test Petroleum tendered by Shipper. If the Petroleum does not meet the applicable quality specifications set forth in Rule 2, Carrier reserves the right to take appropriate action, including but not limited to: (1) requiring the Shipper to test its Petroleum at a Carrier approved laboratory, at Shipper's expense, prior to tender to ensure their quality is consistent with Carrier's specifications; (2) suspension; and (3) permanent disconnection.

**Rule 13. Payment of Transportation and Other Charges** - The transportation and all other charges accruing on all Petroleum accepted for shipment, based on the rate applicable to the destination at which delivery is made, shall be paid in accordance with invoice terms and these Rules and Regulations. Carrier, at its option, may require Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier. For Petroleum not released due to failure of Shipper to pay or left in Carrier's custody after the scheduled delivery has expired, Carrier may assess reasonable storage charges and other reasonable charges (including any reasonable attorney fees and court costs) incurred with the preservation or sale of the Petroleum.

If such charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one-hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law, whichever is less.

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

Product Petroleum accepted for such transportation shall be subject to a general lien and security interest in favor of Carrier. This lien and security interest shall secure: (1) all transportation and any other charges or amounts due or to become due, owed, or otherwise payable from Shipper under the terms of these Rules and Regulations, and (2) 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. Shipper irrevocably authorizes Carrier at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by Carrier to establish or maintain the validity, perfection and priority of the lien and security interests granted herein, and Shipper ratifies any such filings made by Carrier prior to the date hereof. The lien and security interest provided herein shall be in addition to any lien provided by statute or common law.

**Rule 14. Use of Communication Facilities** - When Carrier maintains a private communication system, Shippers may use the same without extra charge for messages incident to shipment. However, Carrier shall not be held liable for delivery of messages away from its office, for delays in transmission, or for interruption of service.

**Rule 15. Claims, Suits, Time for Filing** - As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of the Petroleum or, in case of failure to make delivery, then with nine (9) months after a reasonable time for delivery has elapsed. Suits arising out of such claims must be instituted against Carrier only within two (2) years from the time when the Carrier delivers, or tenders delivery of the Petroleum or, in case of failure to make or tender delivery, then within two (2) years after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

**Rule 16. Pipeage Contracts** - Separate pipeage contracts in accordance with these Rules and Regulations covering further details may be required of a Shipper before any duty to transport will arise.

**Rule 17. Linefill and Working Inventory** - Each Shipper shall supply its volumetric share of linefill as determined from time to time by Carrier. Such linefill and, if any, storage receptacle bottoms 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; (3) Shipper having paid Carrier for all services; and (4) for a Priority Service Shipper, the expiration or earlier termination of such Priority Service Shipper's TSA.

**Rule 18. Application of Rates and Charges** - Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Rule 7.

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

**Rule 19. Charges for Spill Compensation Acts and Regulations** - In addition to the transportation charges and all other charges accruing on Petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier in connection with such Petroleum pursuant to any federal, state, or local

act or regulation which levies a tax, fee or other charge on the receipt, delivery, transfer, or transportation of such Petroleum within its jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or the reimbursement of persons sustaining a loss therefrom.

**Rule 20. Connection Requirements** - All proposed receiving or delivery connections must meet tender, tankage, hourly flow rate conditions, and metering requirements as they exist at the time of requested connection and must also have provisions which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by Carrier, and all costs of connections shall be paid by the connecting party.

**Rule 21. Duty of Carrier** - Carrier shall not be required to transport Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

**Rule 22. Notice of Arrival, Delivery at Destination** - The obligation of Carrier is to deliver at the nominated destination the Tendered quantity of Petroleum, and such delivery may be made upon twenty-four (24) hours' prior notice to the Shipper or Consignee with all possible dispatch into the tanks or facilities to be provided by the Shipper or its Consignee.