

**PERMIAN EXPRESS PARTNERS LLC**

**PERMIAN EXPRESS 3**

**TEXAS LOCAL PIPELINE TARIFF**

Applying On  
**CRUDE PETROLEUM**  
From:  
**POINTS IN TEXAS**  
To:  
**POINTS IN TEXAS**

The rates named in this tariff apply to the intrastate transportation of Crude Petroleum by pipeline. The transportation of Crude Petroleum pursuant to the rates set forth in this tariff is subject to the rules and regulations contained herein, as such rules and regulations may be supplemented or amended from time to time.

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

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Issued by:  
Chris Martin, Director  
Permian Express Partners LLC  
1300 Main Street  
Houston, TX 77002

Compiled by:  
Diane A. Daniels  
Permian Express Partners LLC  
1300 Main Street  
Houston, TX 77002  
(713) 989-7425  
[tariffs@sunocologistics.com](mailto:tariffs@sunocologistics.com)

SECTION I

RULES AND REGULATIONS OF THE RAILROAD COMMISSION OF TEXAS  
16 TAC § 3.71 (1) – (19)  
Statewide Rule 71

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PERMIAN EXPRESS 3**

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## SECTION I

## RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS

## 16 TAC § 3.71 (1) – (19)

## Statewide Rule 71

The following nineteen (1-19) rules are reprinted here pursuant to the requirements of the Railroad Commission of Texas.

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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.** 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.** 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.** For the purpose of these sections, 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.** 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.** 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 and Maintenance of Oil.** 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.** 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).

(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 tanks.

(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.

(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; The net balance<sup>†</sup> 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.

<sup>†</sup> Adjusted in accordance with Rule 23, Section II, of these Rules and Regulations.

**RULE 10 Delivery and Demurrage.** 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 \$.001 per barrel; and thereafter at a rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof.

**RULE 11 Unpaid Charges, Lien For and Sale to Cover.** 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.** 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.** 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.** 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 section.

**RULE 16 Offers in Excess of Facilities.** 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 apportionate.

**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—For Necessary Facilities.** 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.
  
- (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 PERMIAN EXPRESS 3 PIPELINE  
RULES AND REGULATIONS**

**The requirements of Section II will be in addition to the requirements of Section I. To the extent allowed by law, the Rules and Regulations set forth in Section II will apply instead of a conflicting term in Section I.**

**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 Permian Express Partners 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.

“Consignee” means the party, including a connecting pipeline system, 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 the destination point(s) provided in the Table of Rates included in this tariff.

“Delivery” means the transfer from Carrier at destination to 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 the origin point(s) provided in the Table of Rates included in this tariff.



“Pipeline” means the portion of the Permian Express 3 Pipeline that is available for intrastate service.

“Receipt” means the transfer from Shipper at the 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 transporter of Crude Petroleum on the Pipeline and the entity that submitted Nominations to the Carrier.

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

“SPMT” means Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership.

“Tender” or “Tendering” means to physically deliver, or cause to be delivered, Crude Petroleum (which may include Delivery of such Crude Petroleum from a connecting pipeline or other facility), by or on behalf of a Shipper to Carrier for transportation from the Origin Point to the Destination Point in accordance with this tariff.

“TRRC” means the Texas Railroad Commission and any successor agency thereof.

“WTI” means a Specified Grade of Crude Petroleum meeting the specifications described for WTI in Item No. 10.

“WTI Premium” means a Specified Grade of Crude Petroleum meeting the specifications described for WTI Premium in Item No. 10.

“WTS” means a Specified Grade of Crude Petroleum meeting the specifications described for WTS in Item No. 10.

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

Carrier will receive Crude Petroleum only through its facilities at an Origin Point. Carrier reserves the right to reject, without limitation, any or all of the following: (1) Crude Petroleum having a Reid Vapor Pressure in excess of nine (9) pounds per square inch absolute and/or an API (American Petroleum Institute) gravity in excess of 78.9°; (2) Crude Petroleum having an API gravity less than 28°; (3) Crude Petroleum having a sulfur content weight percentage greater than 2.50%.

Carrier will from time to time give notice to Shippers establishing Specified Grades of Crude Petroleum, which 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 of Crude Petroleum 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 such Specified Grade of Crude Petroleum in the prior 3 months,

cease to transport such Specified Grade of Crude Petroleum as a common stream or change the specifications of a particular Specified Grade of Crude Petroleum 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 one or more of the following Specified Grades of Crude Petroleum to be transported as a common stream from the Origin Point to the Destination Point:

	<b>WTI</b>	<b>WTI Premium</b>	<b>WTS</b>
API Gravity, °API	38°-45°	38°-42°	30-35
Sulfur Content, Weight %	≤0.45	≤0.45	≤2.20
Max. Reid Vapor Pressure, psi	9.0	9.0	9.0
Max. True Vapor Pressure, psi	11.0	11.0	11.0
BS&W	≤1.0%	≤1.0%	≤1.0%

The specifications for WTI, WTI Premium, and WTS 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 will accept for shipment other Specified Grades of Crude Petroleum to be transported as a common stream, subject to the operating conditions of the facilities. Such request must specify (1) a Reid Vapor Pressure and/or an API (American Petroleum Institute) gravity range; and (2) a sulfur content weight percentage 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.

**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 and to any connecting 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.

Crude Petroleum quantities transported may be adjusted to allow for inherent losses, including but not limited to shrinkage, evaporation, interface losses and normal "over and short" losses. Adjustments will be made on the basis of total quantities transported for each crude segregation and shall be based on actual historical experience. All Receipts of Crude Petroleum and indirect liquid products having an API gravity of 55 degrees or above shall also be subject to a 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%
60° through 74.9°	3%
Greater than 75°	5%

### **25. Required Inventory**

Each Shipper shall supply its share of Required Inventory by types and volumes as determined from time to time by Carrier, provided that Committed Shippers shall be limited to supplying a maximum amount of Required Inventory as set forth in such Committed Shipper's TSA. 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 or connecting 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 of Crude Petroleum as that received from a Shipper.

**35. Clear Title Required**

The 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 Specified Grade of Crude Petroleum 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.

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

Transportation charges will be computed and collected at the applicable tariff rate (in effect on the date of Receipt of Crude Petroleum by Carrier) on the Delivery quantities of Crude Petroleum determined pursuant to the terms of the applicable invoice and this tariff. 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. Crude Petroleum accepted for transportation by Carrier 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 this tariff, 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. 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 Pipe Line 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 a fair and equitable manner. Historical movements by Shippers to specific Destinations as well as contractual volume commitments under TSAs will be considered to ensure fair and equitable treatment. There will be no undue preference or discrimination among similarly situated shippers.

**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 shall be required to pay transportation charges only on the quantity delivered. NEITHER SHIPPER NOR CARRIER WILL 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 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. Carrier will carefully examine Nominations, using every means available to ensure that they are true and realistic and will challenge any Nominations that appear to be inflated or unrealistic. Carrier may require written assurances from responsible officials of Shippers requesting use of Allocated Capacity, stating that this requirement has not been violated. 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 fifty thousands (50,000) Barrels from one Shipper. Carrier shall have the option to move smaller batches. No Tender shall be considered beyond the amount which the party requesting shipment has readily accessible for shipment.

**TABLE OF RATES**

<b>UNCOMMITTED RATES</b>		
<b>Rate in Dollars per Barrel of 42 U.S. Gallons</b>		
<b>From</b>	<b>To Nederland, Jefferson County, Texas (SPMT Nederland Terminal)</b>	
Midland, Midland County, Texas (PET Midland Terminal)		12.60

**Incentive Rates:** Incentive rates are available to Shippers that execute TSAs. Carrier is willing to discuss with any potential or existing Shipper the creation of additional capacity and the incentive rates associated with commitments made in connection therewith. Carrier welcomes inquiries regarding potential new capacity projects based on long-term commitments for substantial volumes.

**Pipeline Loss Allowance:** An assessment of two tenths of one percent (0.2%) on net quantities so determined for acceptance by Carrier will be deducted to cover losses inherent in the transportation of Crude Petroleum.

**Truck Unloading Charge:** When shipments are unloaded from tank truck facilities into the facilities of Carrier at the Origin Point of Midland, a charge of **ten cents (\$0.10)** per barrel will be assessed in addition to the transportation rates named herein.

**Gathering System Receipt Charge:** For receipts from third party gathering pipelines at Midland into Carrier’s facilities at the Origin Point of Midland, a charge of **ten cents (\$0.10)** per barrel will be assessed.

**Intrasystem Transfers:** Carrier will allow a Shipper Transfer of one shipper to another, and title transfers from one ownership to another for Crude Petroleum in custody of Carrier at the Permian Express Terminal. A charge of **one-half cent (0.5¢)** per barrel with a fifty dollars (\$50.00) minimum will be made to each party directing such transfers.