

F.E.R.C. I.C.A. Oil Tariff

F.E.R.C. No. 1.9.0
(Cancels F.E.R.C No. 1.8.0)

PERMIAN EXPRESS TERMINAL LLC
LOCAL AND PROPORTIONAL PIPELINE TARIFF

Applying On
CRUDE PETROLEUM

From:
MIDLAND,
MIDLAND COUNTY, TEXAS

To:
GARDEN CITY,
GLASSCOCK COUNTY, TEXAS

Filed in compliance with 18 CFR § [W] ~~342.3 (Indexing)~~ 341.3 (Form of tariff).

Subject to the Rules and Regulations shown on Pages 3 through 10.

[N] Request for Special Permission

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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 Permian Express Terminal LLC.

“Committed Shipper” means a Shipper that has committed to ship, or paying 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 points provided in this Tariff.

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

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

“Monthly Minimum Volume” means the product of the minimum daily volume commitment of Crude Petroleum 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.

“PE2 TSA” means a TSA executed pursuant to the “Permian Express 2” open season that commenced on September 18, 2013.

“Pipeline” means the Permian Express 2 Pipeline, including the Permian Longview and Louisiana Extension, and the Permian Express 3 Pipeline.

“Prepaid Transportation Credits” means credits generated by deficiency payments made by a Committed Shipper under a TSA that may be applied as prepayment for transportation by such Committed Shipper.

“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 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 (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.

“TSA” means a Transportation Service Agreement executed pursuant to (a) the “Permian Express 2” open season that commenced on September 18, 2013 or (b) the Permian Longview and Louisiana Extension open season that commenced on August 7, 2014 or (c) the “Permian Express 3” open season that commenced on May 16, 2017.

“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:

	WTI	WTI Premium	WTS
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 % 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 the 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:

API Gravity, Degrees	Deduction for Incremental Evaporation & Loss
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 which commit to a minimum volume of 75,000 Barrels per day pursuant to a PE2 TSA shall be limited to supplying a maximum amount of Required Inventory equal to its Monthly Minimum Volume multiplied by 1.2, or, if greater, its Adjusted Nomination, divided by the actual capacity for the Origin Point and Destination Point combination committed to by such Committed Shipper, multiplied by the total Required Inventory relating to such Origin Point and Destination Point combination, and any resulting reduction in such 75,000 Barrels per day plus PE2 TSA Committed Shippers' Required Inventory requirements shall be supplied 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 Volumes 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. Each Shipper's share of Required Inventory shall be evaluated at least quarterly.

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. 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 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 accordance with the "Permian Express Terminal LLC Proration Policy – Permian Express 2 Crude Petroleum Pipeline" effective July 1, 2015 or the "Permian Express Partners LLC Proration Policy – Permian Express 3 Crude Petroleum Pipeline", effective November 1, 2017. 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 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 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

[W] An intrasystem transfer of title to Crude Petroleum will be allowed at Carrier's Midland origin for a fee of 0.75 cents per barrel, with a minimum of \$50.00, charged to the transferor. Recognition of such intrasystem transfers will be subject to both the transferor and transferee following and completing the process established by Carrier for intrasystem transfers. Carrier will allow a Shipper Transfer of one shipper to another, and Title Transfers from one ownership to another for Petroleum in custody of Carrier. 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.

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. 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 thousand (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

UNCOMMITTED RATE	
Rate in Cents per Barrel of 42 U.S. Gallons	
From Midland, Midland County, Texas	To Garden City, Glasscock County, Texas
[U] 32.09	

Pipeline Loss Allowance: An assessment of one-tenth of one percent (0.1%) on net quantities so determined for acceptance by Permian Express Terminal LLC will be deducted to cover losses inherent in the transportation of Crude Petroleum.

WTI Surcharge: A surcharge of **eight cents [U] (8.00)** per barrel will be assessed on the first seventy-three million (73,000,000) Barrels of WTI Crude Petroleum accepted for shipment at the Origin Point.

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 [U] (10.00)** 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 [U] (10.00)** per barrel will be assessed.

EXPLANATION OF REFERENCE MARKS:

- [C] CANCEL
- [N] NEW
- [U] UNCHANGED
- [W] CHANGE IN WORDING