

NuStar Logistics, L.P.

LOCAL PIPELINE TARIFF

Containing the Rates, Rules and Regulations Governing the
Interstate Transportation by Pipeline of

CRUDE PETROLEUM

Wichita Falls - Ardmore

Issued under the authority of 18 C.F.R. § 342.3 (Indexing)

Subject to the Rules and Regulations shown in Items 5 to 135, herein.

ISSUED: May 20, 2021

EFFECTIVE: July 1, 2021

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

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Symbols:

[N] New [U] Unchanged rate [W] Change in wording [C] Cancel

RULES AND REGULATIONS

Item 5 General

Carrier will undertake the transportation of Crude Petroleum, only as defined herein, receiving and delivering such Crude Petroleum through its own pipelines and pipelines of connecting carriers and not otherwise, subject to the rules and regulations contained in this tariff publication.

Crude Petroleum will be accepted for transportation only at such time as Crude Petroleum of similar quality and characteristics are being transported from receiving point to delivery point.

Carrier may require shipper to furnish a certificate by a licensed petroleum inspector showing the final tests of the Crude Petroleum tendered for transportation.

Item 10 Definitions

"API" means the American Petroleum Institute.

"API Gravity" means gravity determined in accordance with ASTM Designation D-287 and with API MPMS Chapter 9 or updates thereto. Such API Gravity shall be expressed in degrees.

"Assay" means a laboratory analysis of Crude Petroleum to include API Gravity, Reid vapor pressure, pour point, sediment and water content, sulfur content, viscosity at 60 degrees Fahrenheit, and other characteristics as may be required by Carrier.

"ASTM" means American Society for Testing Materials.

"Barrel" means forty-two (42) United States gallons equivalent liquid volume at sixty degrees Fahrenheit (60° F) and zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure, or at equilibrium vapor pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

"Base Period" has the meaning set forth in Item 85.

"Base Shipments" has the meaning set forth in Item 85.

"BPD" means Barrels per day

"Calculation Month" has the meaning set forth in Item 85.

"Carrier" as used herein refers to NuStar Logistics, L.P.

"Common Stream" has the meaning set forth in Item 40.

"Connecting Carrier" means a connecting pipeline company as named or referred to herein.

"Consignee" means any party, other than Shipper, designated by Shipper as the party to withdraw Crude Petroleum transferred to the destination.

"Consignor" means the Shipper which tendered Crude Petroleum to Carrier for transportation.

"Crude Petroleum" means the direct liquid hydrocarbon production from oil or gas wells, or blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as a whole crude petroleum or for acceptability to be commingled with other crude petroleum. For purposes herein, crude petroleum shall also include synthetic crude oils derived or produced by chemical or physical transformation of oil shale, coal or oil sands.

"Destination" means a point named in the tariff at which point Carrier will deliver Crude Petroleum to Shipper or its Consignee after transportation from an Origin.

"Forecast Volumes" has the meaning set forth in Item 85.

"Loss Allowance" has the meaning set forth in Item 80.

"New Shipper" has the meaning set forth in Item 85.

"Origin" means a point named in the tariff at which point Carrier will accept Crude Petroleum for transportation.

"Pipeline Segment" means a section of Carrier's common carrier facilities, the limits of which are defined by two geographically identifiable points, that, because of the way that section of Carrier's common carrier facilities is designed and operated, must be treated as a unit for purposes of determining Capacity.

"Product Loss" has the meaning set forth in Item 80.

"Proration Month" has the meaning set forth in Item 85.

"Regular Shipper" has the meaning set forth in Item 85.

"Segregated Batch" means a tender of Crude Petroleum having specific identifiable characteristics which is moved through the pipeline and pipeline facilities so as to maintain its identity.

"Settlement Period" means the twelve (12) consecutive calendar months beginning at 12:01 am (central time) on January 1 of each calendar year and ending at 11:59 pm (central time) on December 31 of such calendar year.

"Shipper" means the party who gives notice to transport Crude Petroleum under provisions outlined in this tariff.

"Tender" means by a Shipper to Carrier of a stated quantity and grade of Crude Petroleum for transportation from a specified Origin or Origins to a specified Destination or Destinations in accordance with these rules and regulations.

"Texas RRC Tariff" means the tariff Carrier maintains on file with the Railroad Commission of Texas, including any supplement thereto or reissue thereof, containing the rates, rules and regulations governing the intrastate transportation and delivery of Crude Petroleum, initially filed as Texas R.R.C. No. 103.0.0.

"Throughput Agreement" means an agreement between Shipper and Carrier to make a minimum volume commitment on a take or pay basis for an average of at least 25,000 BPD and a term of at least ten (10) years.

"Wichita Falls-Carey Segment" has the meaning set forth in Item 130.

"WTI" has the meaning set forth in Item 40.

"WTS" has the meaning set forth in Item 40.

Item 15 Tender, Minimum Quantity

- (A) Marketable Crude Petroleum will be transported by Carrier only under a Tender accepted by Carrier. Any Shipper desiring to Tender marketable Crude Petroleum for transportation shall make such Tender to Carrier in writing on or before 4:15 PM central standard time, the last working day prior to the 15th day of the month preceding the month during which the transportation under the Tender is to begin; except that, if space is available for current movement and at the sole discretion of Carrier, a Shipper may Tender marketable Crude Petroleum for transportation after 4:15 PM central standard time on the 15th day of the month preceding the month during which the transportation under the Tender is to begin. 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.
- (B) Each Tender shall specify the type of Crude Petroleum, the volume, grade, origins and destinations of such Crude Petroleum. If a Shipper does not furnish a Tender, Carrier will be under no obligation to accept such Crude Petroleum for transportation. Crude Petroleum will be accepted for transportation, subject to the Rules and Regulations contained herein, at such time and in such quantity as scheduled by Carrier.
- (C) Tenders for the transportation of marketable Crude Petroleum for which Carrier has facilities will be accepted into the pipeline under the tariff in quantities of not less than ten thousand (10,000) barrels aggregate from one Shipper to one Consignee and destination as operations permit and provided such marketable Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point. Crude Petroleum will be accepted for transportation only at such time as Crude Petroleum of the same quality and specifications are scheduled by Carrier for transportation from receiving point to destination. Crude Petroleum shall be available in Shipper's tankage for shipment 24 hours prior to the scheduled date for movement into Carrier's pipeline.

Item 20 Product Acceptance Specifications

- (A) No Crude Petroleum will be accepted for transportation except merchantable Crude Petroleum which is properly settled and contains (i) no more than one percent (1%) of basic sediment, water, and other impurities, provided that Carrier may reject Crude Petroleum with less than one percent (1%) basic sediment, water, and other impurities if required by operating conditions or (ii) a vapor phase hydrogen sulfide concentration greater than

ten (10) parts per million. Sediment and water limitations of a Connecting Carrier may be imposed upon Carrier when such limits are more stringent than that of the Carrier, in which case the limitations of the Connecting Carrier will be applied

- (B) No Crude Petroleum will be accepted for transportation which has a pour point greater than 10 degrees Fahrenheit or which has a viscosity greater than 109 Saybolt Universal Seconds at 60 degrees Fahrenheit (SUS @ 60°F) or less than 35 SUS @ 60°F, unless under terms and conditions acceptable to Carrier.
- (C) No Crude Petroleum will be accepted for transportation as part of a Common Stream unless it is readily susceptible to transportation through Carrier's existing facilities, and will not materially affect the quality of the Crude Petroleum being transported as the common stream. Upon request of Carrier, Shippers are required to furnish Crude Petroleum Assays of individual losses and/or bills of lading or other documentation acceptable to Carrier evidencing the origin of the Crude Petroleum from individual oil or gas wells. If it is determined that the Crude Petroleum tendered for transportation differs materially in character from that being transported by Carrier, then such Crude Petroleum will only be transported in accordance with these rules and regulations and under such terms to which Carrier and Shipper may agree. Carrier will make final determination of which grades of Crude Petroleum will be regularly transported as a Common Stream on Carrier's system.
- (D) If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, such Shipper will be excluded from further entry into applicable segments of Carrier's system until such time as quality specifications are met to the satisfaction of Carrier.
- (E) Carrier reserves the right to reject any and all of the following shipments:
 - 1. Marketable Crude Petroleum having Reid vapor pressure in excess of nine and a half (9.5) pounds above a temperature of 100 degrees Fahrenheit;
 - 2. Marketable Crude Petroleum having an API Gravity in excess of 59.9 degrees; or
 - 3. Marketable Crude Petroleum where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authority regulating shipments of marketable oil.
- (F) Shipper shall be responsible for all expenses incurred by Carrier resulting from Carrier's receipt of any Crude Petroleum which does not comply with the requirements of this Item 20.

Item 25 Duty of Pipeline

Carrier will transport and deliver Crude Petroleum with reasonable diligence and dispatch considering the quality of the Crude Petroleum, the distance of transportation, safety of operations, and other material factors, but will not accept Crude Petroleum to be transported in time for any particular market. Crude Petroleum may be pumped in a certain sequence for efficient operation and Carrier reserves the right to specify the sequence of transportation of Crude Petroleum.

Item 30 Line Fill Inventory Requirements

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required, to the extent deemed necessary, to supply a pro rata share of Crude Petroleum necessary for pipeline fill to ensure efficient operation of Carrier's pipeline system. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier, on a non-discriminatory basis, may require advance payment of transportation charges on the volumes to be cleared from Carrier's system or any unpaid accounts receivable before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.

Item 35 Title; Acceptance Free From Liens and Charges

The Carrier shall have the right to reject any Crude Petroleum, when Tendered for transportation, which may be involved in litigation, or title of which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind. Carrier may require Shippers to present satisfactory evidence of its perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By Tendering Crude Petroleum, the Shipper warrants and guaranties that the Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense resulting from failure of the title thereto: provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

When any Crude Petroleum tendered for transportation is involved in litigation, a dispute over ownership or title, or encumbered by a lien or charge of any kind, the Shipper shall so advise Carrier in writing not less than five (5) business days before Tendering for shipment. Carrier will refuse receipt or delivery of any Crude Petroleum which is involved in litigation or in a dispute over ownership or title unless Shipper provides proof of Shipper's lawful right to ship such Crude Petroleum or provides a satisfactory bond at least equal to the value of the Crude Petroleum.

Item 40 Common Stream Crude Petroleum

(A) Crude Petroleum moved through the pipeline and pipeline facilities may be commingled or intermixed with Crude Petroleum of substantially like quality and characteristics as determined by Carrier based on Crude Petroleum Assays and other pertinent analytical data, and may be transported by Carrier as a "Common Stream." Carrier has adopted specifications for two Common Streams of Crude Petroleum, West Texas Intermediate ("WTI") and West Texas Sour ("WTS"), which shall meet the specifications set forth below.

	WTI	WTS
API Gravity	39 – 45	30 - 33
Sulfur Content, weight %	≤ 0.40	≤ 2.20
Max Reid Vapor Pressure, psia	9.5	9.5
Max Total Vapor Pressure, psi	11.0	11.0
Concarbon, weight %	≤ 1.25	≤ 4.0
TAN	≤ 0.50	≤ 0.75
Nickel, parts per million	≤ 3	≤ 10
Vanadium, parts per million	≤ 5	≤ 25
Light Ends (C5 and lighter), volume %	≤ 6.5	≤ 4

(B) Any Crude Petroleum outside of the specifications set forth in the Table in subsection (A) of this Item 40, shall not be included within either Common Stream. Carrier may adopt specifications for new Common Streams, which shall be published in this tariff prior to becoming effective or available for transportation as a Common Stream.

Item 45 Common Stream Shipments - Maintenance of Identity and Connecting Carriers

(A) Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same Common Stream while in transit.

(B) Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same Common Stream.

(C) When both receipts from and deliveries to a connecting pipeline of a Common Stream are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline, to offset like volumes of such Common Stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting Common Stream volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's Common Stream Crude Petroleum.

Item 50 Additives

Crude Petroleum shall be free of any additives and inhibitors, including drag reducing agents, unless approved by Carrier.

Item 55 Mixtures

The indirect liquid products of oil and gas wells, including gasoline and liquefied petroleum gases, hereinafter referred to as indirect products, will be accepted and transported as a mixture with the direct liquid products of oil wells,

hereinafter referred to as direct products, provided that the vapor pressure of the resulting mixture does not exceed that permitted by Carrier's facilities and operating conditions.

The indirect products portion of the mixture will be accepted for transportation at reception points other than the one at which the direct products portion of the same mixture is received, provided that the Shipper, Consignee, and destination are the same, and that operating conditions and the Carrier's facilities permit the indirect products portion to be mixed with the direct products of the same Shipper or Consignee.

Mixtures will be transported and delivered as Crude Petroleum only. Nothing in this rule is to be construed to waive provisions of Item 40 or Item 45 of these rules and regulations or to require the Carrier to receive, transport, and deliver unmixed indirect products. However, unmixed indirect products may be transported for subsequent mixing with direct products in accordance with this rule where facilities exist and operations permit transporting such indirect products.

Item 60 Origin and Destination Facilities

Carrier does not furnish storage facilities or services at origin or destination points as part of this tariff. Carrier does not provide tankage for the receipt of Crude Petroleum at the receiving point, or for the delivery of Crude Petroleum at the destination point. All necessary facilities for promptly receiving Crude Petroleum as it arrives at the destination point must be provided by the Shipper or Consignee, and Carrier may refuse to accept Crude Petroleum batches for transportation unless satisfactory evidence is furnished that the Shipper or Consignee has provided such necessary facilities for promptly receiving said Crude Petroleum at the destination point. Shipper must provide or make arrangements with Carrier or a third party to obtain any desired storage. Crude Petroleum shall be available in Shipper's tankage for shipment 24 hours prior to the scheduled date for movement into Carrier's pipeline.

Item 65 Origin Facilities Required For Automatic Custody Transfer

Where Consignor (or Shipper) elects to deliver Crude Petroleum into the Carrier at a point of origin through automatic custody transfer facilities (in lieu of tankage), the Consignor (or Shipper) shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must be approved by the Carrier and any appropriate regulatory body. In the event automatic custody transfer is made by meters, the Consignor (or Shipper) shall also furnish whatever pumping service is necessary to insure that the Crude Petroleum being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

Item 70 Notice of Delivery, Demurrage

The Carrier's duty is to deliver at the destination point the quantity of Crude Petroleum to be transported, less deductions, and such delivery may be made upon twenty-four (24) hours' notice to the Shipper or Consignee who shall immediately accept and receive said Crude Petroleum from the Carrier into tanks or receptacles to be provided by Shipper or Consignee. Commencing after the first seven o'clock a.m., after expiration of said twenty-four (24) hour notice, Carrier shall assess a demurrage charge on any part of the Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be [U] one cent (1¢) per Barrel per day for each day of twenty-four (24)-hours or fractional part thereof, after expiration of said twenty-four (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 warehouseman only.

If the Shipper or Consignee is unable or refuses to receive said Crude Petroleum upon arrival at the destination point, Carrier reserves the right to make whatever arrangements, including those discussed in Item 75 (Deliveries at Destination), for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any additional expenses incurred by Carrier in making such arrangements shall be borne by the Shipper or Consignee.

Item 75 Deliveries At Destination

Deliveries will be made only into Consignee's (or Shipper's) tanks at the destination point without any additional delivery charge, provided such tanks are located on Carrier's pipeline. Upon failure by a Consignee (or Shipper) promptly to take Crude Petroleum at the destination point, or upon failure to pay any charge due Carrier, such Crude Petroleum may be sold in accordance with Item 105 (Payment of Transportation and Other Charges) below, by Carrier, or its representatives, at public auction for cash not less than forty-eight (48) hours after publication of notice in a daily newspaper published in San Antonio, Texas, of the time and place of sale and the quantity of the Crude Petroleum to be sold. The proceeds of such sale shall be applied to the payment of all unpaid charges, if any, and of all expenses incident to the sale, and the balance shall be held for whoever is lawfully entitled to it. Carrier may be a bidder and purchaser at such sale.

Item 80 Gauging, Testing, and Deductions; Corrections

- (A) Crude Petroleum tendered to Carrier for transportation shall be measured by meters meeting API standards or by other mutually accepted methods. Shipper and Consignee shall have the privilege of being present or represented during measuring and testing of shipments by Carrier.
- (B) Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.
- (C) Except for normal handling and evaporation losses which are provided for in Sections D, E and F below, Carrier will only be liable to Shipper for any contamination, damage, degradation or loss of Crude Petroleum to the extent resulting from Carrier's negligence, willful misconduct or breach of any Throughput Agreement.
- (D) Carrier shall be responsible to Shipper for normal handling and evaporation losses of Crude Petroleum and indirect liquid products in excess of the following maximum deductions of the quantity of Crude Petroleum delivered at the applicable Origin Point for Shipper's account during each month (the "Loss Allowance"), based on net standard volumes measured in accordance with then-current API standards:

API Gravity, Degrees	Deduction for Incremental Evaporation and Shrinkage
Up to 44.8	0.25%
44.9 through 49.9°	0.5%
50.0 through 59.9°	1.0%

- (E) The Loss Allowance will be construed to limit Carrier's liability for the actual loss of any Crude Petroleum constituting contamination, damage, degradation or loss of Crude Petroleum ("Product Loss") and not to authorize Carrier to take Shipper's Crude Petroleum for Carrier's benefit. Carrier will reconcile Product Loss and Shipper's Crude Petroleum gains at the end of each month. All gains of Shipper's Crude Petroleum delivered to a Pipeline Segment shall belong to Shipper; *provided, however*, that during each Settlement Period, any gains of Shipper's Crude Petroleum shall be offset against losses of Shipper's Crude Petroleum during the same Settlement Period on a Pipeline Segment. Carrier agrees to provide Shipper with a throughput statement each month that shows the amount of Shipper's loss and gain for each Crude Petroleum shipment for the preceding month. The gain and loss shall be calculated based upon the measurements made at the meters located at the Origin and Destination of Shipper's transportation movement and at any other points as set forth in a Throughput Agreement.
- (F) After consideration of all of the factors set forth in this Item 80, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this gross standard balance.

Item 85 Proration of Pipeline Capacity

In the event Shipper's total requirements are greater than can be currently handled by Carrier via a particular pipeline or segment of line, in order to allow Carrier to equitably allocate line capacity to all Shippers during any month for which Tenders exceed capacity, Carrier shall prorate available capacity so as to avoid discrimination among Shippers. The details of this procedure are set out in the following paragraphs.

Definitions:

"Base Period" is the 12-calendar month period just preceding the Calculation Month. Individual months within the Base Period are designated by Nos. 1 through 12, with "Month 1" being the most recent Base Period month and "Month 12" being the oldest Base Period month.

"Base Shipments" are the average monthly movements over a line segment by a Regular Shipper during the Base Period. Base Shipments will be calculated by dividing the total movements by a Regular Shipper during the Base Period by 12.

"Calculation Month" is the calendar month just preceding the Proration Month for which space is being allocated.

"Forecast Volumes" is the total of all Tenders for a given calendar month. If it appears to Carrier that it will be necessary to allocate pipeline space for an extended period of time, Carrier may request Shippers to furnish in writing monthly forecasts of volumes to be shipped during the forward 24-calendar months. Carrier will carefully examine all Tenders and forecasts using every means available to ensure that they are true and realistic and reserves the right to disregard on a non-discriminatory basis any Forecast Volumes which appear to be inflated.

"New Shipper" is any Shipper who is not a Regular Shipper.

"Proration Month" is the calendar month for which space is being allocated.

"Regular Shipper" is any Shipper who had a record of movements of Crude Petroleum in any eight (8) of Months 1 through 12.

Proration Procedure:

When Forecast Volumes for any month exceed the capacity, space shall be allocated among Shippers in that segment by the following procedure:

- a. Capacity will first be allocated to Shipper(s) with Tenders to Ardmore Station, Carter County, Oklahoma. Thereafter, if there is any capacity remaining, the remaining capacity will be allocated to Shipper(s) with Tenders from any Origin to any Destination other than movements to Ardmore Station, Carter County, Oklahoma.
- b. The Forecast Volumes for each Regular Shipper and each New Shipper shall be totaled and divided into the line capacity. The resultant fraction will be the "proration factor."
- c. Each New Shipper shall be allocated space equal to its Forecast Volumes, up to a maximum of 50,000 Barrels for each Proration Month, multiplied by the proration factor.
- d. The remaining capacity shall be allocated among Regular Shippers in proportion to their Base Shipments.
- e. In the event any Shipper(s) is (are) allocated more capacity than its (their) forecast requirement, the excess of its (their) allocation(s) over its (their) forecast(s) will be reallocated among all other Shippers in proportion to their unsatisfied requirements (i.e., such Shipper's forecast minus initial allocation).

Proration Penalty:

To penalize inflation of Shippers' nominations, a Shipper's space allocation for the next Proration Month will be reduced by the amount of allocated throughput not shipped in the preceding Proration Month, unless such failure to use allocated throughput is excused by force majeure. For this purpose "force majeure" means any of the following which directly affects or involves facilities used in the production of Crude Petroleum, and from which facilities Crude Petroleum has been tendered for shipment under the particular tariff during any eight (8) of Months 1 through 12 of the Base Period: act of God, storm, flood, extreme weather, fire, explosion, act of war, quarantine, authority of law, strike, riot, or breakdown of machinery or equipment.

General:

Space allocated to a Shipper may neither be assigned by that Shipper to nor used by that Shipper for the benefit of another Shipper. Upon request of Carrier, a responsible official of a Shipper's company may be required to give assurances to Carrier that this provision has not been violated. In the event such permission is violated, the allocated space for all Shippers involved in the violation shall be reduced by the amount of the unauthorized space obtained; the reduction being effective for the remainder of the current month as well as for the next month of proration for which pipeline capacity has not yet been allocated. Carrier may reallocate the space so withdrawn on non-discriminatory basis.

Item 90 Shipments not in Common Stream

Except as provided in Item 40 or Item 45 of these rules and regulations, Crude Petroleum accepted for transportation is subject to changes in gravity or quality while in transit or storage resulting from mixture with other Crude Petroleum in Carrier's pipelines or tanks. Carrier shall not be obligated to deliver the identical Crude Petroleum received for transportation will deliver Crude Petroleum of a grade and gravity substantially equivalent to that accepted from the Shipper.

Item 95 Application of Rates and Charges; Rates to Intermediate Points

Crude Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Petroleum by the Carrier. Trunkline transportation and all other lawful charges will be collected on net quantities of Crude- Petroleum delivered. Gathering charges, to the extent applicable, will be collected on the basis of net quantities of Crude Petroleum received. All net quantities will be determined in the manner provided in Item 80 (Gauging, Testing and Deductions).

Crude Petroleum accepted for transportation from any point on Carrier's lines not named in a tariff of Carrier which is intermediate to any point from which rates are published, through such unnamed point, Carrier will apply from such unnamed point the rate published in the tariff from the next more distant point specified in the tariff. For Crude Petroleum accepted for transportation to any point not named in a particular tariff which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply.

If an intermediate point is to be used on a continuous basis for more than 30 days, Carrier will file a tariff publication applicable to such service within 30 days after it starts.

Item 100 Charge for Compensation Fund Fees Incurred By Carrier

To the extent any federal, state or local agency creates a fund for the reimbursement of parties who sustain costs or losses resulting from Crude Petroleum pipeline industry operations, Carrier, after filing notice with the Commission, will be permitted to assess a per Barrel charge in the amount of any tax, fee, or charge levied against Carrier by any such federal, state or local agency, in addition to all other charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities.

Item 105 Payment of Transportation and Other Charges

Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and, on a non-discriminatory basis, may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to 125% of the prime rate as quoted by a major New York bank. It is the intention of Carrier to comply strictly with applicable usury laws; accordingly, notwithstanding any provision to the contrary in this Tariff or in any related documents in no event shall this Tariff or such documents require the payment or permit the payment, taking, reserving, receiving, collection or charging of any sums constituting interest under applicable laws which exceed the maximum amount permitted by such laws. If any such excess interest is called for, contracted for, charged, taken, reserved, or received in connection with this Tariff or, in any of the documents otherwise relating hereto, or in any communication by Carrier or any other person to Shipper or any other person, shall exceed the maximum amount of interest permitted by applicable usury laws, then in any such event it is agreed as follows: (i) the provisions of this Tariff shall govern and control; (ii) neither the Shipper nor any other person or entity now or hereinafter liable for the payment under this Tariff shall be obligated to pay the amount of such interest to the extent such interest is in excess of the maximum amount of interest permitted by applicable usury laws; (iii) any such excess which is or has been received notwithstanding this Tariff provision shall be credited against the then unpaid balance (or equivalent thereto) hereof or, if this Tariff has been or would be paid in full by such credit, refunded to Shipper, and (iv) the provisions of this Tariff and documents otherwise relating hereto, and any communication to Shipper, shall immediately be deemed reformed and such excess interest reduced, without the necessity of executing any other document, to the maximum lawful rate allowed under applicable laws as now or hereafter construed by courts having jurisdiction hereof or thereof, on a non-discriminatory basis.

Carrier shall have a lien on all Crude Petroleum accepted for transportation to cover payment of all charges, including demurrage and late charges, and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days after notice of readiness to deliver, the Carrier may sell the Crude Petroleum at public auction. Carrier shall have a lien on Crude Petroleum when there shall be failure to take the Crude Petroleum at the point of destination as provided in Item 70. Carrier shall have the right to sell said Crude Petroleum at public auction, for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after the Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expense, and expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

Item 110 Liability of Carrier

The Carrier, while in possession of any of the Crude Petroleum herein described, shall not be liable for any loss thereof except to the extent that liability therefor is imposed on the Carrier by law. In case of loss of Crude Petroleum for which Carrier is not responsible, the Shipper shall bear the loss. Where such loss occurs in a tank containing Crude Petroleum which is the property of more than one Shipper, or in a line containing a segregated batch of Crude Petroleum which is the property of more than one Shipper, each Shipper shall bear the loss in such proportion as its volume in said tank or batch bears to the total volume in said tank or batch.

Carrier shall not be liable for any damage to, delay in delivery of or any loss of Crude Petroleum caused by acts of

God, storm, flood, extreme weather, fire, explosion, by acts of war, quarantine, authority of law, strikes, riots, by breakdown or accident to machinery or equipment, or by act of default of Shipper, Consignor or Consignee, or resulting from any other cause reasonably beyond the control of Carrier and not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss shall be apportioned by Carrier to each shipment of Crude Petroleum or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Crude Petroleum in the loss, and each Consignee shall be entitled to receive only that portion of its shipment remaining after deducting such Consignee's proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shippers and Consignee showing the apportionment of any such loss.

Carrier shall assume no liability where operational, scheduling, excess demand, delays and difficulties encountered in pipeline operations prevent its ability to maintain schedules or comply with Shipper's withdrawal requirements.

Carrier will not be liable for damage, contamination, or deterioration of Crude Petroleum transported and/or handled, unless liability for such damage, contamination, or deterioration is imposed on the Carrier by law. In the event of such damage, contamination, or deterioration, each owner's share of the damaged petroleum shall be in the same proportion as its share of the total quantity of shipments involved, and each such owner shall be allocated only its proportionate share of damaged Crude Petroleum. Carrier shall prepare and submit a statement to the owners showing the apportionment of the damaged petroleum among the owners involved.

Item 115 Claims, Suits, and Time for Filing

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be in writing with the Carrier within six (6) months after delivery of the Crude Petroleum, or, in case of failure to make delivery, then within six (6) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years from the time when the Carrier delivers, or arranges for delivery of, the Crude Petroleum or, in case of failure to make or arrange for delivery, then within two (2) years after a reasonable time for delivery has elapsed. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the Crude Petroleum. Where claims are not filed or suits are not instituted hereon in accordance with the foregoing provisions, Carrier will not be liable and such claim will not be paid.

Item 120 Invoicing

Unless other arrangements have been required by Carrier in writing, Shipper will be invoiced by the 10th day of the month following the month in which the Shipment was completed, and payment will be due by wire transfer of immediately available funds on the 15th day of the month following the month in which the shipment was completed. For purposes of making such payments, a "Business Day" will be a day of the year on which banks are not required or authorized to be closed in New York City. Whenever any payment of Carrier's charges shall be stated to be due on a day that is not a Business Day, then (i) if such due date falls on a Friday or Saturday, payment shall be due on the next preceding Business Day, or (ii) if such due date falls on any day of the week other than Friday or Saturday, payment shall be due on the next succeeding Business Day.

Item 125 Pipeage Agreement

Separate Throughput Agreements, pipeage or other agreements in accordance with this tariff and these regulations covering further details may be required by Carrier before any duty for transportation shall arise.

Item 130 Bi-Directional Routing

- a. Carrier's system is designed to provide transportation service in a westward direction from Carrier's Wichita Falls Station, Texas through its Carey Station, Texas, for further delivery to Carrier's McKee Station, Texas. The terms of such service and rate for such intrastate movement are set forth in Carrier's Texas RRC Tariff.
- b. Carrier does, however, have the capability to temporarily reverse the flow of Crude Petroleum on the section of its pipeline extending between the Wichita Falls Station and the Carey Station ("Wichita Falls-Carey Segment"). In the event of such a reversal, Carrier would be able to provide service in an eastward direction from Carey Station to Wichita Falls Station, with connections to interstate and intrastate connecting carriers and/or Carrier's Ardmore Station, Oklahoma pursuant to this Item 130 (interstate movements) or pursuant to Carrier's Texas RRC Tariff (intrastate movements).
- c. A Shipper desiring to make a westward shipment on the Wichita Falls-Carey Segment of Carrier's system in a month (for delivery to Carrier's McKee Station) should submit a Tender for such service in accordance with Special Rule 18 of Texas RRC Tariff. A Shipper desiring to make an interstate, eastward shipment on the Wichita Falls-Carey Segment of Carrier's system in a month (for delivery to Carrier's Wichita Falls Station, Carrier's Ardmore Station and/or an interstate interconnecting carriers) should submit a separate Tender for such service in accordance with Item 15, and specify that the requested shipment will need bi-directional service under this Item 130.

- d. Following the receipt of all such Tenders for service, Carrier will make a determination as to whether it can temporarily reverse the Wichita Falls-Carey Segment during the requested month in order to offer eastward transportation services on the segment, in addition to offering the primary westward transportation services. Carrier will consider, among other things, the following factors when determining whether to reverse the Wichita Falls-Carey Segment: the level of Tenders received for westward transportation service on the Wichita Falls-Carey Segment, the level of Tenders received for eastward transportation service on the Wichita Falls-Carey Segment, and the expense that will be required to perform the reversal of the Wichita Falls-Carey segment. Carrier will reverse the Wichita Falls-Carey Segment in a given month only when and to the extent that all volumes of Crude Petroleum nominated for westward transportation service on the Wichita Falls-Carey Segment under Texas RRC Tariff can be accepted by Carrier without prorating and there is sufficient remaining capacity to provide temporary eastward transportation service.
- e. Carrier will notify all interested parties no later than the 20th day of the month preceding the month of transportation as to whether Carrier will temporarily reverse the Wichita Falls-Carey Segment during the requested month and offer transportation service in an eastward direction, in addition to offering the primary westward transportation services.
- f. Carrier's Texas RRC Tariff outlines the terms of service and rates for temporary intrastate eastward transportation services from Carey Station to Wichita Falls Station, Wichita County, Texas.

Item 135 Communication Facilities

Shippers may use Carrier's private communication facilities without additional charge for messages incident to their shipment. The Carrier will not be liable for non-delivery of messages, or for errors or delays in transmission or interruption of the service.

Table of Rates

From	To	Rate in Dollars Per Barrel of 42 U.S. Gallons Note
Carey Station, Childress County, Texas (Note 1)	Ardmore Station, Carter County, Oklahoma	[U] \$1.0709 (Note 1)
		[U] \$0.4789 (Note 4)
Wichita Falls Station, Wichita County, Texas	Ardmore Station, Carter County, Oklahoma	[U] \$1.0709
		[U] \$0.4789 (Note 4)
Wasson Station, Carter County, Oklahoma	Ardmore Station, Carter County, Oklahoma	[U] \$0.2056 (Note 2)
		[U] \$0.1079 (Note 3)
<p>Note 1: Carrier may offer this temporary, as-available bi-directional service in a given month, and such service shall only be provided in accordance with "Item 130 Bi-Directional Routing" of these Rules and Regulations.</p>		
<p>Note 2: Base rate applicable to all Barrels of Crude Petroleum up to 12,410,000 injected into the pipeline system at Wasson Station, Carter County, Oklahoma and transported to Ardmore Station, Carter County, Oklahoma in a January 1 – December 31 calendar year.</p>		
<p>Note 3: Incentive discount rate only applicable once the aggregate Barrels of Crude Petroleum injected into pipeline system at Wasson Station, Carter County, Oklahoma and transported to Ardmore Station, Carter County, Oklahoma are equal to or exceed 12,410,001 Barrels in a January 1 – December 31 calendar year.</p>		
<p>Note 4: Incentive discount rate only applicable to incremental Barrels after the combined aggregate Barrels of Crude Petroleum injected into the pipeline system at Wichita Falls Station, Wichita County, Texas and/or Carey Station, Childress County, Texas for transportation to Ardmore Station, Carter County, Oklahoma (under this tariff, and any supplement thereto or reissue thereof), and injected into the pipeline system at Wichita Falls Station, Wichita County, Texas and/or Carey Station, Childress County, Texas for transportation to McKee Station, Moore County, Texas (under RRC 103.4.0, and any supplement thereto or reissue thereof) have a combined minimum monthly volume of 3,300,001 Barrels or more.</p>		