

TARGA CRUDE PIPELINE, LLC

RULES AND REGULATIONS PIPELINE TARIFF

CONTAINING RULES AND REGULATIONS APPLYING TO THE
TEXAS INTRASTATE GATHERING AND/OR TRANSPORTATION OF

CRUDE PETROLEUM

(as defined herein)

The Rules and Regulations published herein apply only under tariffs making specific reference by RRC Number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over the rules and regulations published herein.

From Points in Texas
to
Points In Texas

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RULES AND REGULATIONS

5. DEFINITIONS:

“Acreage Dedication Shipper” means a Committed Shipper that has made an acreage dedication on Carrier’s System pursuant to a COGA, and as evidenced by a memorandum of dedication in such COGA.

“Barrel” shall mean a volume of forty-two (42) United States gallons. One U.S. gallon shall be equal to two-hundred-thirty-one (231) cubic inches of Crude Petroleum at sixty degrees Fahrenheit (60°F) and at the equilibrium vapor pressure of the Crude Petroleum being measured.

“Batch” shall mean 100,000 barrels of Crude Petroleum transported through the pipeline as a discrete shipment.

“Carrier” shall mean Targa Crude Pipeline LLC.

“COGA” means a crude oil gathering and transportation agreement for Crude Petroleum on Carrier’s System entered into between a Committed Shipper and Carrier.

“Committed Shipper” means a Shipper with which Carrier has executed a COGA for Priority gathering and transportation service on the System. Committed Shippers include both VC Shippers and Acreage Dedication Shippers.

“Consignee” shall mean the person or entity to whom the Shipper has ordered delivery of Crude Petroleum.

“Crude Petroleum” shall mean the direct products of oil wells or a mixture of the indirect products transportable like the direct product and containing not more than two percent (2%) of sediment, water, and other impurities.

“Day” shall mean the period of twenty-four (24) hours between 7:00 AM Central Standard Time of a calendar day and 7:00 AM Central Standard Time of the following calendar day.

“Deemed Volume Commitment” means the amount of Priority Service capacity that an Acreage Dedication Shipper shall be entitled to receive, on a Barrel per day basis, during the term of such Acreage Dedication Shipper’s COGA.

“Delivery” shall mean the transfer from Carrier at the Destination Point to Consignee.

“Destination Point” shall mean the point at destination where physical custody of Crude Petroleum is transferred from Carrier to Consignee, such point being the point of interconnection between Carrier’s facilities and the Crude Petroleum receiving facilities to which Carrier’s facilities are connected now and in the future.

“Force Majeure” shall mean an event or occurrence beyond the reasonable control of Carrier that interferes with or prevents Carrier’s performance of any obligation or condition under this tariff,

under a transportation service agreement, interconnect agreement, or other agreement affecting Carrier or Carrier's facilities, including but not limited to (i) actions, orders, regulations, or requests of any governmental authority having jurisdiction over the pipeline system, Carrier, or this tariff; (ii) insurrections, wars, rebellion, riots, disturbances, sabotage, acts of public enemies, blockades, embargoes, expropriation, condemnation, epidemics, strikes, lockouts or labor disturbances or difficulties (the settlement of strikes, lockouts or labor difficulties being entirely within Carrier's discretion); (iii) weather conditions or anticipated weather conditions and actions of the elements, including, without limitation, fires, explosions, earthquakes, storms, floods, freezing conditions, washouts, lightning, hurricanes, tornadoes, or landslides; (iv) disruptions to, breakages of, or destruction of all or any portion of Carrier-owned or third party-owned machinery, lines of pipe, or facilities relied upon or contributing to provision of transportation service under this tariff, including the inability to obtain electric power, water, fuel, equipment, parts, repairs or other items or services; (v) scheduled maintenance or (vi) fires; explosions; freezing conditions, breakdowns or failure of pipe, plant, machinery or equipment. An event similar to the foregoing that interferes with or prevents Carrier's performance of its obligations shall be deemed an event of Force Majeure.

“Linefill” means the volume of Crude Petroleum, by grade, required by Carrier for line fill, working stock and storage receptacle bottoms.

“Month” means a period of time commencing on the first Day of a calendar Month and ending on the first Day of the next calendar Month.

“Monthly Deemed Volume Commitment” means the product of (i) an Acreage Dedication Shipper's Deemed Volume Commitment and (ii) the number of days in the applicable month.

“Monthly Volume Commitment” means the product of (i) the VC Shipper's Volume Commitment and (ii) the number of days in the applicable month.

“Non-Priority Capacity” means the System Capacity available for allocation to Uncommitted Shippers each Proration Month following the allocation of System Capacity to Committed Shippers under Item 100, which shall equal at least five percent (5%) of the System Capacity, assuming Carrier receives sufficient Nominations from Uncommitted Shippers.

“Nomination” means a written communication (in form and context specified by Carrier) made by a Shipper to Carrier of a quantity of Crude Petroleum for transportation on the System from a specified Origin Point to a specified Destination Point in accordance with the terms of this tariff.

“Origin Point” means the point where physical custody of the Crude Petroleum is transferred from Shipper to Carrier, such point being the inlet delivery connection to Carrier's facilities where Crude Petroleum from an originating facility or an interconnected pipeline is injected into Carrier's facilities.

“Priority Service” means that a Committed Shipper, to the extent its Tender of Crude Petroleum pursuant to the terms of a COGA and this tariff does not exceed such Committed Shipper's Monthly Volume Commitment or Monthly Deemed Volume Commitment, shall not be subject to prorationing except in accordance with the priorities identified in Item 100 of this tariff.

“Proration Month” means the Month for which capacity is to be allocated in accordance with Item 100.

“Shipper” shall mean a party who obtains transportation service for Crude Petroleum under the terms of this tariff.

“System” as used herein means the pipeline(s) that Carrier owns an interest in and to which the rules and regulations stated herein apply.

“System Capacity” means the operational capacity of the pipeline system at any applicable point in time.

“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 an Origin Point to the Destination Point in accordance with this tariff.

“Uncommitted Shipper” means any Shipper that is not a Committed Shipper.

“VC Shipper” means a Committed Shipper that has committed to ship a certain daily volume of Barrels of Crude Petroleum on Carrier’s System during the term of a COGA.

“Volume Commitment” means the daily volume in Barrels of Crude Petroleum that a VC Shipper has agreed to ship on Carrier’s System during the term of the COGA as set forth in such COGA.

10. CERTIFICATE

Carrier reserves the right to require Shipper to furnish a certificate by a licensed petroleum inspector confirming the quality and specifications of the Crude Petroleum tendered for transportation.

15. SCHEDULED SHIPMENTS:

Shippers desiring to transport Crude Petroleum shall furnish a Nomination to the Carrier specifying Origin Point, Destination Point, Consignee (if applicable), and quantity. All such Nominations shall be submitted at least three weeks prior to the first day of the month. If Shipper does not furnish such notice prior to the requested movement date, Carrier shall be under no obligation to accept Crude Petroleum for transportation. All Crude Petroleum accepted for transportation will be transported at such time and in such quantity as scheduled by Carrier.

20. MINIMUM TENDER:

The minimum quantity of Crude Petroleum that will be accepted for transportation in a given Month shall be 15,000 barrels of the same Crude Petroleum and will be accepted only when such Crude Petroleum can be commingled with other Crude Petroleum from other Shippers at the same origin point to form a Batch.

25. DUTY OF CARRIER:

Carrier shall not be required to gather or transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of gathering and/or transportation and other material elements. Carrier cannot commit to delivering Crude Petroleum to a particular destination, at a particular time.

30. FACILITIES AT ORIGIN AND DESTINATION: FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER:

- (a) Carrier will provide only such facilities at the Origin Points or Destinations Points that carrier considers necessary for operation of the pipeline. Carrier provides only operational storage facilities. Crude Petroleum will be accepted for transportation only when Shipper has identified facilities, including storage, at the applicable Origin Points and Destination Points that are satisfactory to Carrier and are capable of delivering on receiving Crude Petroleum as pressures and pumping rates required by the Carrier.
- (b) Where Shipper elects to deliver Crude Petroleum to the Carrier at the Origin Point through automatic custody transfer facilities (in lieu of tankage), the Shipper shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must meet industry standards, regulatory requirements and be hydraulically compatible with Carrier's system at the point of proposed transfer. In the event automatic custody transfer is made by meters, the 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.

35. ASSURANCE OF DELIVERY AT DESTINATION:

Upon arrival of Crude Petroleum at the specified Destination Point, such Crude Petroleum will be delivered through metering facilities provided by Carrier or the operator of the receiving facility into facilities provided or arranged by Shipper or its Consignee. In the event Shipper or its Consignee does not have adequate facilities available to receive Crude Petroleum at the Destination Point in accordance with Carrier's schedule, Carrier may store, sell at public auction or otherwise dispose of Crude Petroleum in accordance with Item 75 below.

40. CRUDE PETROLEUM SPECIFICATIONS:

- (a) Quality specifications of a connecting carrier may be imposed upon Shipper when such specifications are more restrictive than that of Carrier, in which case the specifications of the connecting carrier will be applied.
- (b) Carrier is engaged in the transportation of Crude Petroleum as specified in this Item 40 and therefore will not accept any other commodities for transportation. No Crude Petroleum will be received for transportation except good merchantable Crude Petroleum, similar to that being currently transported through the same facilities for other Shippers. Shipper warrants to Carrier that any Crude Petroleum tendered to Carrier will conform to the specifications as set forth below and is merchantable. Crude Petroleum of

substantially different grade or quality will be transported only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

- (c) A Shipper shall not deliver to the Carrier and the Carrier shall not be obligated to accept Crude Petroleum on receipt that fails to meet the specification for West Texas super sweet quality including but not limited to: (i) a sulfur content no greater than 0.25 percent by weight (ii) a Reid Vapor Pressure no greater than 8.0 pounds per square inch absolute (psia) for any Crude Petroleum with an API Gravity of less than 35.0° or a Reid Vapor Pressure no greater than 13.0 psi for any Crude Petroleum with an API Gravity of 35.0° or greater; (iii) a temperature that does not exceed 100 degrees Fahrenheit; (iv) sediment and water that does not exceed 1 percent by volume; (v) a pour point no higher than 25 degrees Fahrenheit; (vi) a viscosity no greater than 60 Saybolt Universal Seconds at 60 degrees Fahrenheit; (vii) Crude Petroleum may not contain any organic chlorides (including but not limited to PCB), any waste oils, lube oils, crankcase oils, Dioxins; and (viii) may not possess physical or chemical characteristics that may render such Crude Petroleum not readily transportable by the Carrier or that may materially affect the quality of other commodities transported by the Carrier or that may otherwise cause disadvantage to the Carrier.
- (d) Upon request of Carrier, Shippers are required to furnish Assays and/or other documentation acceptable to Carrier evidencing the Origin of the Crude Petroleum. The Carrier will not accept Tenders of any material resulting from certain post production recovery operations (i.e. reclaimed or skimmed oil). If a Shipper fails to provide the Carrier with such information, then the Carrier shall not be obligated to accept the Shipper's Crude Petroleum.
- (e) If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities, Crude Petroleum that does not meet the current quality specifications, or 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 Shippers will be excluded from further entry into applicable segments of the pipeline system until such time as quality specifications are met to the satisfaction of Carrier. Carrier reserves the right to take appropriate actions including, but not limited to: (1) requiring the Shipper to test its future Crude Petroleum Nominations at Carrier approved laboratory, at Shipper's expense, prior to each Tender; (2) suspension; and (3) permanent disconnection. Further, Carrier reserves the right to dispose of any contaminated, non-compatible or non-acceptable Crude Petroleum in its pipeline system. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper introducing the contaminated Crude Petroleum into Carrier's system.
- (f) In the event the Carrier is required to dispose of any contaminated, non-compatible or non-acceptable Crude Petroleum it shall pay itself from the proceeds of such sale all costs incurred by the Carrier with respect to the transportation, storage, removal, contaminate mitigation or remediation and sale of such Crude Petroleum. The remainder of such

proceeds, if any, shall be held by the Carrier for whomsoever is lawfully entitled to such proceeds.

- (g) Changes to the Carrier's Crude Petroleum specification may be issued or reissued from time to time in the manner and to the extent appropriate to facilitate the efficient and economical use and operation of the Carrier's facilities.

45. COMMON STREAM CRUDE PETROLEUM – CONNECTING CARRIERS:

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Petroleum 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 volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Crude Petroleum.

50. SHIPMENTS, MAINTENANCE OF IDENTITY:

- (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, whether as part of a particular Batch or otherwise. Carrier is not obligated to deliver to Shipper the identical Crude Petroleum Nominated by Shipper, provided that Carrier will deliver the grade of Crude Petroleum it is regularly gathering and/or transporting as a common stream.
- (b) Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers because of mixing or commingling of Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream.

55. ADDITIVES:

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agents, or other such additives in Crude Petroleum to be gathered and/or transported.

60. GAUGING, METERING, TESTING, VOLUME CORRECTIONS AND DEDUCTIONS:

- (a) 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.

- (b) 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.
- (c) 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 applicable standards applied by downstream interconnected pipeline facilities, which shall be available upon request.

65. LINEFILL:

Each Shipper shall supply its pro rata share of Linefill by grade(s) and volumes as determined from time to time by Carrier. Such Required Inventory may be withdrawn from Carrier’s system at any time within ninety (90) days subsequent to: (i) Shipper having ceased Tendering shipments and notified Carrier in writing that it will no longer Tender shipments to Carrier; (ii) Shipper balances having been reconciled between Shipper and Carrier; and (iii) Shipper having paid Carrier for all services.

70. TITLE TO CRUDE PETROLEUM, POSSESSION, AND CONTROL:

- (a) The Carrier shall have the right to reject any Crude Petroleum, when Nominated for gathering and/or transportation, 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, and it may require of the Shipper satisfactory evidence of its perfected and unencumbered title or satisfactory indemnity bond to protect Carrier. By nominating Crude Petroleum, the Shipper warrants and guarantees that the Shipper has good unencumbered title thereto free and clear of all liens or charges of any kind and agrees to indemnify and hold Carrier harmless for any and all loss, cost, liability, damage and/or expense (including reasonable attorney’s fees) resulting from any breach or alleged breach of such warranty and guaranty. Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto. Carrier’s acceptance of Shipper’s Crude Petroleum for transportation service is not an admission by Carrier that Shipper holds good title thereto and is not a waiver of Shipper’s obligation to have good title thereto.
- (b) Possession, Control and Risk of Loss. Shipper shall be deemed to be in exclusive possession and control of all Crude Petroleum for which services are provided hereunder

upstream of the Origin Point and at and downstream of the Destination Point. Carrier shall be deemed to be in exclusive possession and control of all Crude Petroleum at and downstream of the Origin Point and upstream of the Destination Point.

- (c) Losses shall be charged proportionately to each Shipper in the ratio that such shipment, or portion thereof, received and undelivered at the time of the loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs. Shipper shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage determined as aforesaid, and shall receive a credit for transportation charges paid associated with any portion of its shipment not delivered.

75. PAYMENT FOR TRANSPORTATION AND LIEN:

- (a) Carrier shall bill Shipper Monthly for all transportation charges and other charges due hereunder based upon volumes received by Carrier from Shipper. Shipper shall pay for transportation charges and all other lawful charges accruing on Crude Petroleum accepted in accordance with Carrier's then current payment policies and procedures at the rates published in Carrier's rates tariff as may be in effect from time to time. Carrier may require that all payments to Carrier for services pertaining to the transportation of Crude Petroleum be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.
- (b) If Carrier, in its sole judgment, has reasonable grounds for insecurity regarding the ability of Shipper or Shipper's guarantor (if any) to perform its obligations hereunder or make payment of charges and fees when due (including without limitation, the occurrence of a material change in the creditworthiness of Shipper or its guarantor (if any)), Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Crude Petroleum in Carrier's possession or prior to Carrier's acceptance of Shipper's Crude Petroleum: (i) prepayment of all charges, (ii) a standby irrevocable letter of credit (in a form, amount, and term, and issued by a financial institution reasonably acceptable to Carrier) at Shipper's expense in favor of Carrier, or (iii) a guaranty issued on behalf of Shipper in a format, amount and tenor acceptable to Carrier, if the credit of Shipper's guarantor is deemed to be acceptable to Carrier in Carrier's sole judgment. If Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide transportation service pursuant to this tariff until such requirement is fully met.
- (c) If any amounts owed by Shipper are not paid by the due date stated on the invoice, Carrier shall have the right to assess a finance charge on the entire past due balance until paid in full at the rate equal to the lesser of (i) the prime rate per annum plus three percent (3%), with the prime rate being the then effective prime rate of interest published under "Money Rates" by *The Wall Street Journal* or (ii) the maximum interest rate allowed by law.

- (d) Carrier shall have a lien on all Crude Petroleum in its possession belonging to Shipper, and may withhold such Crude Petroleum from delivery until all of such unpaid charges shall have been paid. Such lien shall take effect at the Origin Point as the Crude Petroleum is received into Carrier's pipeline. Such lien shall secure the payment of any and all charges and fees owed to Carrier by Shipper, including but not limited to penalties, interest and late payment charges, whether or not incurred on the Crude Petroleum in Carrier's pipeline and whether or not invoiced. Such lien shall be in addition to any and all other rights and remedies Carrier has at law or in equity.
- (e) If any such charges or fees owed to Carrier by Shipper shall remain unpaid for ten (10) days after the date set for payment in Carrier's invoice to Shipper, or, in the absence of unpaid charges, when there shall be a failure to take redelivery of the Crude Petroleum at the Destination Point, Carrier shall have the following options, in its *sole* discretion:
 - (1) If any such charges or fees owed to Carrier by Shipper shall remain unpaid for ten (10) days after the date set for payment in Carrier's invoice to Shipper, or, in the absence of unpaid charges, when there shall be a failure to take redelivery of the Crude Petroleum at the Destination Point, Carrier shall have the following options, in its *sole* discretion:
 - (2) In circumstances in which Carrier has no storage facilities or other means of holding and maintaining Shipper's Crude Petroleum and inability to deliver (whether caused by Shipper's failure to take redelivery or caused by exercise of Carrier's lien) will cause a shutdown of a line, Carrier may, without notice but in the most commercially reasonable manner as is possible under the circumstances, dispose of Shipper's Crude Petroleum. If such disposal shall result in proceeds after payment of Carrier's charges and expenses, proceeds shall be held for whomever may be entitled thereto. If such disposal does not result in proceeds, Shipper and Consignee shall remain liable for all charges due to Carrier and for all expenses incurred by Carrier.
- (f) Carrier reserves the right to set off any amounts owing to Carrier against any monies owed by Carrier to Shipper or any of its affiliates under this tariff, a transportation services agreement, or against any Crude Petroleum of Shipper in Carrier's custody. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including reasonable attorney's fees and costs incurred by Carrier.

80. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS:

- (a) Crude Petroleum transported shall be subject to the rates in effect on the date such Crude Petroleum is accepted for transportation by the Carrier.
- (b) For Crude Petroleum accepted for gathering and/or transportation from any point on Carrier's lines not named in a particular tariff, which is intermediate to a point from which rates are published in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply. For Crude Petroleum accepted for gathering and/or 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.

85. LIABILITY OF CARRIER:

- (a) Carrier shall not be liable for any loss of Crude Petroleum as described herein or damage thereto, or delay caused by an event of Force Majeure or any act or default of Shipper or from any other cause not due directly to the negligence of Carrier. Carrier will not be liable for discoloration, contamination, or deterioration of Crude Petroleum transported hereunder unless directly resulting from the negligence of Carrier.
- (b) In addition, the Carrier shall not be liable for any injury, disease or death of any person or damage to or loss of any property, fine or penalty, any of which is caused by the gross negligence or willful misconduct of Shipper, its affiliates or any of their respective employees, representatives, agents or contractors in shipment of Crude Petroleum under this tariff or the handling, storage, transportation or disposal of any of the Crude Petroleum herein described.
- (c) In no event shall Carrier be liable to Shipper for consequential, punitive, special, incidental or exemplary damages, or for loss of profits or revenues incurred by Shipper or its affiliates that arise out of or relate to shipments of Crude Petroleum under this tariff, regardless of whether any such claim arises under or results from contract, tort, or strict liability.

90. LIABILITY OF SHIPPER:

As a condition precedent to Carrier's acceptance of Crude Petroleum for transportation under this tariff each Shipper agrees to indemnify and save Carrier harmless from any loss, claims, or damages (including but not limited to consequential damages and attorney's fees and costs) for injury or death of any person and for damage to property of carriers, Shipper, Consignee and/or third party resulting from or arising out of (i) any breach of any provision of this tariff by Shipper, his Consignee, his agents, employees or representatives; (ii) the negligence of Shipper, his Consignee, his agents, employees or representatives; (iii) the injection of contaminants of any kind by Shipper, his Consignee(s) or consignors, his agents, employees or representatives into the Carrier's pipeline, and/or (iv) failure of Shipper's Crude Petroleum delivered or accepted for transportation to meet Carrier's specifications.

95. CLAIMS AGAINST CARRIER; TIME LIMITATION:

As a condition precedent to recovery for loss, damage, delay or misdelivery, claims must be filed in writing with Carrier within nine (9) Months after delivery of the Crude Petroleum, or in case of failure to make delivery, within ten (10) Months after receipt of the Crude Petroleum from Shipper by Carrier, and suits must be instituted against the Carrier within two (2) years of the day when Carrier gives notice to the claimant that Carrier has disallowed the claim or any part thereof specified in the notice of claim. If claims are not filed or suits are not instituted thereon in accordance with these provisions, Carrier will not be liable and claimant may not recover from Carrier.

100. PRORATIONING OF PIPELINE CAPACITY

- (a) ***When System Capacity will be prorated.*** When Carrier receives more Nominations in a month for transportation of Crude Petroleum on Carrier's System than Carrier is able to transport, Carrier shall allocate the System Capacity under the provisions of this Item 100.
- (b) ***Division of System Capacity between Shipper classes.*** System Capacity will be allocated among Committed Shippers as a class and Uncommitted Shippers as a class; any remaining System Capacity will be allocated in accordance with the provisions of Item 100(e).
- (c) ***Allocation to Committed Shippers.***
 - (1) Except as provided in Item 100(c)(2), Carrier shall allocate each Committed Shipper an amount of System Capacity equal to the lesser of the Committed Shipper's Nomination for the Proration Month or its Monthly Volume Commitment or Monthly Deemed Volume Commitment, as applicable. If a Committed Shipper Nominates volumes in excess of its Monthly Volume Commitment or Monthly Deemed Volume Commitment, as applicable, then the excess incremental volumes shall be subject to prorating under Item 100(e) below.
 - (2) If an event of Force Majeure or other operational issue causes System Capacity to be reduced for the Proration Month, the allocation of System Capacity to each Committed Shipper under this Item 100(C) shall be reduced by the same percentage as the reduction in System Capacity that is caused by the Force Majeure event or operational issue. If an event of Force Majeure or other operational issue causes a service disruption on only a portion of Carrier's System or at a particular Origin Point or Destination Point, Carrier shall continue to provide full operational service with respect to the unaffected portions of Carrier's System and to the unaffected Origin Points and Destination Points. Carrier will reduce the allocations of System Capacity to each Committed Shipper affected by such Force Majeure event by the same percentage as the reduction in capacity of the affected portion of the System or the reduction in receipt or delivery capability of the affected Origin Point or Destination Point, respectively and as applicable.
- (d) ***Allocation to Uncommitted Shippers.***
 - (1) Following the allocation of System Capacity set forth in Item 100(c) above, Carrier shall next allocate the Non-Priority Capacity on Carrier's System among all Uncommitted Shippers in the following manner:
 - (i). Each Uncommitted Shipper shall be allocated an amount of System Capacity in the Proration Month that is equal to:

- a. its Nomination, if the total volume Nominated by all Uncommitted Shippers is less than or equal to five percent (5%) of System Capacity on Carrier's System; or
 - b. its pro rata share, in accordance with its Nomination, of five percent (5%) of the System Capacity on Carrier's System, if the total volume Nominated by all Uncommitted Shippers is greater than five percent (5%) of such System Capacity.
- (e) **Remaining System Capacity.** Any remaining System Capacity not allocated through the application of Items 100(c) or 100(d) shall be allocated first, pro rata, among all Committed Shippers having remaining unmet Nominations according to the level of each Committed Shipper's Monthly Volume Commitment or Monthly Deemed Volume Commitment, as applicable. If allocation to any Shipper pursuant to this Item 100(e) exceeds such Shipper's remaining Nomination or there remains unallocated System Capacity following this additional allocation to Committed Shippers, then the excess volume will be allocated among all other Shippers having unmet Nominations until the remaining System Capacity is fully allocated or all of the remaining Nominations have been fulfilled.
- (f) **Basis for Allocation; Notification.** When prorationing of System Capacity is in effect:
 - (1) Carrier shall allocate System Capacity on a monthly basis; and
 - (2) Carrier will use reasonable efforts to notify each Shipper of its allocation not later than the first working day of the Proration Month.
- (g) **Reallocation of Unused Allocated System Capacity.** If a Shipper does not use the portion of System Capacity allocated to it under this Item 100 at the times and in the amounts designated by Carrier, Carrier shall have the right to use Shipper's unused portion of System Capacity to fulfill the unmet Nominations of other Shippers.
- (h) **Failure of Uncommitted Shipper to Use Allocated System Capacity.**
 - (1) Except as provided in Item 100(h)(2) below, an Uncommitted Shipper that fails to use all of its allocated System Capacity during a Proration Month shall have its allocation of System Capacity reduced in each subsequent Proration Month until the total reduction equals the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated System Capacity and shall be reallocated among other Shippers in accordance with Item 100(g).
 - (2) Reduction of an Uncommitted Shipper's allocation for failure to use its allocated System Capacity during a Proration Month may be waived, in whole or in part, if Carrier determines that Shipper's failure to use all or some of its allocated System Capacity was due to a Force Majeure.

105. PIPEAGE CONTRACTS REQUIRED:

- (a) A proposed Shipper may be required to execute a separate pipeage contract (including without limitation a transportation services agreement) covering further details of the transportation before any duty of transportation shall arise; provided, however, that in the event of any conflict between the provisions of the tariff and the terms of any such contract, the provisions of this tariff shall control.
- (b) Connections to Carrier's system will only be considered if made by formal written application to Carrier in the form required by Carrier. Acceptance of any request for connection will be subject to compliance with governmental regulations and approval of Carrier.

110. LOSS ALLOWANCE

Unless otherwise provided in a gathering or transportation agreement (in which case the language in such agreement shall apply instead of this paragraph), Carrier shall deduct two-tenths of one percent (0.20%) of the volumes of Crude Petroleum received into the System at the Origin Points as defined in an applicable agreement to cover losses inherent in the transportation of Shipper's Crude Petroleum on the System. The volumes delivered to Shipper or its Consignee from Carrier's facilities shall be net of such deduction. The deductions described herein shall be the "Loss Allowance."

Railroad Commission of Texas Tariff Provisions

This Rules and Regulations Pipeline Tariff incorporates by reference the Texas Tariff Provisions identified in Statewide Rule 71 of the Railroad Commission of Texas at 16 TEX. ADMIN. CODE § 3.71. Notwithstanding anything in the Railroad Commission of Texas Tariff Provisions to the contrary, Carrier will receive, transport, and deliver Crude Petroleum through its System 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.