

SAN MATEO BLACK RIVER OIL PIPELINE, LLC

LOCAL TARIFF

Containing

RULES AND REGULATIONS

APPLYING ON THE TRANSPORTATION OF

CRUDE PETROLEUM

(as defined herein)

BY PIPELINE

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

Filed in accordance with 18 CFR 342.2(b) (Establishing initial rates).

Issued on twenty-six (26) days notice under authority of 18 CFR 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

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

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20. DEFINITIONS

"Affiliate" as herein used means, with respect to any Person, any other Person directly, or indirectly through one or more intermediaries, Controlling, Controlled by or under common Control with such Person.

"API" as herein used means American Petroleum Institute.

"Applicable Law" as herein used means, with respect to any Person, all laws, statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, regulations, governmental approvals, licenses and permits, directives and requirements, of all Governmental Authorities, including all official interpretations thereof by any such Governmental Authorities, as in effect at any time or from time to time and, in each case, applicable to or binding upon such Person, the services provided by such Person, and/or the assets owned or controlled by that Person.

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

"Business Day" as herein used means any day of the year on which national banking institutions in Dallas, Texas are open to the public for conducting business and are not required or authorized to close.

"Carrier" as herein used means San Mateo Black River Oil Pipeline, LLC.

"Carrier Group" as herein used means, whether individually or collectively, (i) Carrier and its Affiliates, (ii) its and their joint owners, partners, joint venturers, if any, and their respective parents and Affiliates, and (iii) the officers, directors, managers, agents, consultants, attorneys, representatives and employees of all of the foregoing; provided, however, that Shipper shall not be considered a member of the Carrier Group.

"Carrier Holiday" as herein used means a day on which Carrier's office is closed for business.

"Committed Rate" as herein used means the rate(s) set out in the Rates Tariff herein paid by a Committed Shipper pursuant to its TSA for non-priority service.

"Committed Shipper" as herein used means any Shipper that has committed to pay for the shipment of a specified volume of Crude Petroleum (acreage dedication or volume commitment) pursuant to a TSA with Carrier.

"Common Stream" as herein used means Crude Petroleum moved through the pipeline and pipeline facilities which is commingled or intermixed with other Crude Petroleum.

"Consignor" as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

"Consignee" as herein used means the party, including a connecting pipeline system, to whom a Shipper has ordered the delivery of Crude Petroleum.

"Control" or "Controlled" as herein used means, with respect to a Person, the possession, directly or indirectly, of either (i) the majority of the ownership of such Person, whether that be through shares of stock, partnership interest, units or membership interest or (ii) power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise.

"Crude Petroleum" as herein used means the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil and gas wells including gasoline and liquefied petroleum gases.

"Day" as herein used means the 24-hour period beginning at 7:00 a.m., Central Time, on a calendar day and ending at 7:00 a.m., Central Time, on the following calendar day (as Central Time is adjusted each calendar year for daylight savings time).

"Force Majeure" as herein used includes, without limitation, any of the following events to the extent any such event and/or the effect of such event actually prevents performance and could not have been avoided or mitigated by the affected party's commercially reasonable efforts: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy or terrorism, wars, blockades, insurrections, civil disturbances and riots, and epidemics; landslides, lightning, earthquakes, fires, storms, hurricanes and threats of hurricanes, floods and washouts; arrests, orders, requests, directives, restraints and requirements of the government and governmental agencies, either federal, state or local, civil and military; any application of governmental conservation or curtailment rules and regulations; failure of downstream transportation (including, the failure of any downstream Crude Petroleum pipeline to take Crude Petroleum, transportation embargoes or failures or delays in the taking or transportation of Crude Petroleum);

explosions, breakage or accident to machinery, equipment or lines of pipe; outages (shutdowns) of equipment, machinery or lines of pipe for inspection, scheduled or unscheduled maintenance or repair (provided that Carrier will, to the extent possible, give Shipper reasonable advance notice of all maintenance and repair); freezing of wells or lines of pipe; and any similar occurrences, whether of the kind herein enumerated or otherwise, not reasonably within the control of a party that prevents its performance under this tariff. It is understood and agreed that the settlement of strikes or lockouts will be entirely within the discretion of the party having the difficulty, and that the requirement of a party claiming Force Majeure to use reasonable dispatch will not require the settlement of strikes or lockouts by acceding to the demand of opposing party when such course is inadvisable or inappropriate in the discretion of the party having the difficulty. Force Majeure will also include (a) in those instances where either party is required to obtain servitudes, right-of-way grants, permits or licenses to enable such party to fulfill its obligations under this tariff, the inability of such party, acting as a reasonably prudent operator, to acquire, at reasonable cost and after the exercise of reasonable diligence, such servitudes, right-of-way grants, permits or licenses; or (b) in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental agency to enable such party to fulfill its obligations under this tariff, the inability of such party, acting as a reasonably prudent operator, to acquire, at reasonable cost and after the exercise of reasonable diligence, such materials, supplies, permits and permissions.

"Governmental Authority" as herein used means any entity of or pertaining to government, including, but not limited to, any federal, state, local, foreign governmental or administrative authority, agency, court, tribunal, arbitrator, commission, board or bureau.

"Month" as herein used means the period beginning at 9:00 a.m., Central Time, on the first Day of a calendar month and ending at 9:00 a.m., Central Time, on the first Day of the succeeding calendar month.

"Nomination" or "Nominate" as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination over a period of one operating Month in accordance with this tariff.

"Person" as herein used means individual, corporation, partnership, joint venture, association, limited liability company, trust, unincorporated organization or Governmental Authority.

"Priority Rate" as herein used means the rate set out in the Rates Tariff paid by a Committed Shipper pursuant to its TSA for priority service.

"Rates Tariff" as herein used means Carrier's rates tariff for the System, on file and in effect with the U.S. Federal Energy Regulatory Commission, as such rates tariff may be amended or supplemented by Carrier from time to time or at any time.

"Shipper" as herein used means a party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of this tariff.

"Shipper Group" as herein used means, whether individually or collectively, (i) Shipper and its Affiliates, (ii) its and their joint owners, partners, joint venturers, if any, and their respective parents and Affiliates, and (iii) the officers, directors, managers, agents, consultants, attorneys, representatives and employees of all of the foregoing; provided, however, that Carrier shall not be considered a member of the Shipper Group.

"System" as herein used means the pipeline(s) that Carrier owns an interest in and to which this tariff applies.

"Transferor" as herein used means the entity transferring volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Item No. 145 (INTRASYSTEM TRANSFERS).

"Transferee" as herein used means the entity accepting volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Item No. 145 (INTRASYSTEM TRANSFERS).

"TSA" as herein used means a transportation services agreement executed by a Committed Shipper and Carrier.

"Uncommitted Rate" as herein used means the rate(s) set out in the Rates Tariff paid by any Shipper that is not a Committed Shipper or by a Committed Shipper for any volumes that are not eligible for a Priority Rate or a Committed Rate.

25. NOMINATION, MINIMUM QUANTITY

a) Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into the System under this tariff in quantities of not less than one thousand (1,000) Barrels aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from origin point to destination point; except that Carrier reserves the right to accept any quantity of Crude Petroleum from lease tanks or other facilities to which the System is connected if such quantity can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than one thousand (1,000) Barrels, and Carrier will not be obligated to make any single delivery of less than one thousand (1,000) Barrels, unless Carrier's operations dictate otherwise. The term "single delivery" as herein used means a delivery of Crude Petroleum in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.

b) Crude Petroleum will be transported only under a Nomination accepted by the Carrier from origins to destinations set out in the Rates Tariff.

c) Any Shipper desiring to tender Crude Petroleum for transportation shall make a Nomination to the Carrier in writing before 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the fifteenth (15th) Day of the Month preceding the movement. When the fifteenth (15th) Day of the Month falls on a weekend, Nominations will be required prior to 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the preceding Business Day. When the fifteenth (15th) Day of the Month falls on a Carrier Holiday, Nominations will be required prior to 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, three (3) Business Days prior to the Carrier Holiday. The Nomination may be e-mailed or faxed to Carrier. Unless such notification is made, the Carrier will be under no obligation to accept Crude Petroleum for transportation.

d) When Nominations submitted by Shippers to Carrier on or before the fifteenth (15th) Day of the Month preceding the operating Month do not exceed the capacity of the System or any line segment thereof, additional Nominations may be accepted by the Carrier to fill capacity. These additional Nominations will be accepted only if they do not impair the movement of Crude Petroleum nominated before the fifteenth (15th) Day of the preceding Month.

30. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS

Prior to delivering Barrels out of the System, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of the 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 on the System, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier may require advance payment of transportation charges on the volumes to be cleared from the System, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice, not to exceed six Months, to complete administrative and operational requirements incidental to Shipper withdrawal.

35. TITLE

The Carrier shall have the right to reject any Crude Petroleum, when nominated for 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 title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

40. SPECIFICATIONS AS TO QUALITY RECEIVED

Shipper shall not deliver to Carrier and Carrier shall not be obligated to accept Crude Petroleum for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through the System, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. Notwithstanding the preceding sentence, Carrier may at its discretion accept Crude Petroleum from Shipper that does not meet the foregoing specifications due to unusual circumstances, emergencies, or events of Force Majeure. In such case, however, Shipper must notify

Carrier fully in writing of the characteristics of such Crude Petroleum and Shipper shall then secure from the producer or connecting carrier or shall provide itself, in writing, to Carrier an assumption of all liability and agree to hold Carrier harmless from and against any loss, cost or disadvantage to other Shippers, and other pipelines, or to Carrier arising from such transportation. In addition, Carrier reserves the right to reject (any and all of, but not limited to) the following shipments: (1) Crude Petroleum having a Reid Vapor Pressure in excess of nine (9) pounds per square inch absolute and/or an API gravity in excess of 78.9°; and (2) Crude Petroleum where the Shipper or Consignee has failed to comply with Applicable Laws. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters the System.

a) Quality specifications of a connecting carrier may be imposed upon the System when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.

b) Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum and if, in the opinion of Carrier, sufficient quantities are not nominated or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.

c) Carrier may monitor, but is not responsible for monitoring, receipts or deliveries for contaminants. If, upon investigation, Carrier determines that a Shipper has delivered to the System 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 the System until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking the 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 the System.

d) Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport as a Common Stream between particular origin points and destination points on the System. Carrier will inform all subscribers of such determination and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum transported. Crude Petroleum quality and general characteristics include, but are not limited to, whole crude properties such as A.P.I. gravity, sulfur, S. & W., Reid Vapor Pressure, pour point, viscosity, hydrogen sulfide, metals, nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.

e) Unless stated otherwise in written notice provided by Carrier, Carrier will not segregate Crude Petroleum of a kind and/or quality not currently transported through the System.

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. Carrier is not obligated to deliver to Shipper the identical Crude Petroleum nominated by Shipper; Carrier will deliver the grade of Crude Petroleum it is regularly 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 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.

55. ADDITIVES

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

60. DUTY OF CARRIER

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

65. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER

Where Consignor (or Shipper) elects to deliver Crude Petroleum to the Carrier at 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.

70. ORIGIN AND DESTINATION FACILITIES REQUIRED

The Carrier will accept Crude Petroleum for transportation only when the Shipper or Consignee has provided the necessary facilities for delivering Crude Petroleum into the System at the point of origin and has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the destination.

75. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE

The obligation of the Carrier is to deliver the quantity of Crude Petroleum to be transported, less deductions, at the specified destination. Such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee who shall accept and receive said Crude Petroleum from the Carrier with all possible dispatch into tanks or receptacles arranged for or provided by the Shipper or Consignee. If Shipper or Consignee does not timely receive said Crude Petroleum, then commencing twelve hours after the first seven o'clock a.m. after expiration of the delivery notice described above, Carrier may assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be 10 cents per Barrel per Day for each Day of 24 hours or fractional part thereof. After expiration of said 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 a warehouseman only.

If the Shipper, or Consignee, is unable or refuses to receive said Crude Petroleum as it arrives at the specified destination, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by the Shipper or Consignee.

80. GAUGING, TESTING AND DEDUCTIONS

a) Crude Petroleum shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate API standards, latest revision, and adjusted to base (reference or standard) conditions.

b) When, in Carrier's opinion, a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.

c) Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.

d) A deduction of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation ("Allowance Oil").

e) All receipts of Crude Petroleum having an API gravity of 60 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 & Shrinkage
60.0 through 74.9	5.0%
75.0 and above	10.0%

f) After consideration of all of the factors set forth in this Item No. 80, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

85. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES

When quantities of Crude Petroleum greater than can be transported are offered to Carrier for shipment through the System, Carrier shall allocate available transportation on an equitable basis to all Shippers pursuant to Carrier's Proration Policy entitled, San Mateo Black River Oil Pipeline, LLC Proration Policy, dated October 31, 2018. A copy of the Proration Policy is available upon request from the tariff compiler referenced on the title page of this tariff.

90. REQUIRED SHIPPER INFORMATION

a) At any time, upon written request of the Carrier, on a non-discriminatory basis, any prospective or existing Shipper shall provide to the Carrier information that will enable the Carrier to enforce the terms of this tariff. Such information may include, but is not limited to, the names of any Affiliates of the Shipper or prospective Shipper, the legal business name of the Shipper or prospective Shipper and the registered business address of the Shipper or prospective Shipper.

b) The Carrier shall not be obliged to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide to the Carrier any information requested in accordance with Item No. 90(a) within ten (10) Days of the Carrier's written request, or if the Carrier reasonably determines that any of the information provided pursuant to Item No. 90(a) is false.

95. APPLICATION OF RATES & CHARGES

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, irrespective of the date of Nomination. Transportation and all other lawful charges will be collected on the basis of the net quantities of Crude Petroleum delivered. All net quantities will be determined in the manner provided in Item No. 80 (GAUGING, TESTING AND DEDUCTIONS).

100. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

a) For Crude Petroleum accepted for transportation from any point on Carrier's lines not named in the Rates Tariff, which is intermediate to a point from which rates are published in the Rates Tariff, through such unnamed point, the rate published from the next more distant point specified in the Rates Tariff will apply. For Crude Petroleum accepted for transportation to any point not named in the Rates Tariff which is intermediate to a point to which rates are published in the Rates Tariff, through such unnamed point, the rate published herein to the next more distant point specified in the Rates Tariff will apply.

b) If an intermediate point is to be used on a continuous basis for more than 30 Days, Carrier will file a tariff applicable to the transportation movement within 30 Days of the start of the service

105. TAXES

a) Subject to Item 105(c), Carrier agrees to pay, or cause to be paid, all taxes, assessments or other charges now or hereinafter in effect that are lawfully levied and/or imposed upon Carrier by any Governmental Authority with respect to the services provided hereunder and custody of Shipper's Crude Petroleum under this tariff and/or associated facilities related thereto. CARRIER SHALL INDEMNIFY SHIPPER GROUP AND HOLD IT HARMLESS FROM ALL SUITS, ACTIONS, DEBTS, ACCOUNTS, DAMAGES OR OTHER COSTS ARISING FROM ANY PAYMENT OR ASSESSMENT AGAINST SHIPPER OF CARRIER TAXES ON SHIPPER'S BEHALF.

b) Subject to Item 105(c), Shipper agrees to pay, or cause to be paid, all taxes, assessments or other charges now or hereinafter in effect that are lawfully levied and/or imposed upon Shipper or members of the Shipper Group with respect to Shipper's Crude Petroleum (i) prior to its delivery at the point of origin and (ii) after Carrier's delivery of

Shipper Crude Petroleum at the destination point, including, without limitation, taxes with respect to the production of Shipper's Crude Petroleum. SHIPPER SHALL INDEMNIFY CARRIER GROUP AND HOLD IT HARMLESS FROM ALL SUITS, ACTIONS, DEBTS, ACCOUNTS, DAMAGES OR OTHER COSTS ARISING FROM ANY PAYMENT BY CARRIER OF SHIPPER TAXES ON CARRIER'S BEHALF.

c) Government Costs

(1) Shipper will reimburse Carrier for Shipper's pro rata share of any additional, increased or subsequently applicable taxes, assessments, fees or other charges (other than income or franchise taxes, assessments, fees or charges), to the extent arising after the date hereof, that are lawfully levied by a Governmental Authority directly upon Carrier with respect to the gathering of Shipper's Crude Petroleum on the System (a "New Tax"). Notwithstanding the foregoing sentence, in the event such New Tax is based upon or related to carbon dioxide content or emissions and/or greenhouse gas content or emissions, Shipper shall have the right, in lieu of paying the New Tax, to supply Carrier with all necessary emission credits or allowances relevant to Shipper's Crude Petroleum. In the event Shipper pays any such New Tax under this section or provides such emissions credits or allowances to Carrier in lieu of such payment, and thereafter the basis for such New Tax is relieved in whole or in part by the applicable Governmental Authority or because of any other circumstances affecting Carrier's liability therefor, then Carrier shall reimburse Shipper for any such payment or emissions credits or allowances (if such credits or allowances are available at such time) that Carrier received from Shipper to the extent the basis for the underlying New Tax was relieved and Carrier receives credit for same from the applicable Governmental Authority.

(2) Carrier will submit to each Committed Shipper a statement setting forth in reasonable detail the basis of, and the calculation for such New Tax, and each Committed Shipper shall have the right, during normal business hours and within the thirty (30) Days following such Committed Shipper's receipt of such statement, to audit and make copies of any and all Carrier records relating to the costs forming the basis for such New Tax. Within thirty (30) Days following Committed Shipper's receipt of Carrier's statement, Committed Shipper may notify Carrier in writing if such Committed Shipper determines the fee to be excessive or not reasonably supported by the documentation provided to such Committed Shipper. Following Carrier's receipt of such notice, the parties shall attempt in good faith to negotiate mutually acceptable terms to compensate Carrier for the reasonable cost of such New Tax. If the parties cannot agree on those terms within thirty (30) Days following Carrier's receipt of such notice(s), then either (i) Carrier may waive the implementation of such New Tax for all Shippers within thirty (30) Days of the end of said thirty (30) Day period, whereupon each Committed Shipper's TSA shall remain in full force and effect in accordance with its terms, or, absent such waiver (ii) Carrier or Committed Shipper may terminate the applicable TSA pursuant to the terms and conditions of the applicable TSA.

(3) If a per Barrel charge is assessed with respect to a New Tax, the amount of such charge will be stated in this tariff and paid by all Shippers.

110. TRUCK UNLOADING

Shipments unloaded from tank trucks into the System will be subject to a per-Barrel charge as noted on the Rates Tariff. Such charge will be in addition to all other charges.

115. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

On or before the twenty-fifth (25th) Day of each Month, Carrier will send to Shipper a statement for each point of origin, similar to industry standards, setting forth the preceding Month's calculations for: (i) the total volume, in Barrels, of Shipper's Crude Petroleum delivered at the points of origin and (ii) the total payment owed by Shipper to Carrier for fees set forth in this tariff. If the information necessary for Carrier's calculation or payment of the amounts due Shipper under this tariff is in Shipper's or Shipper's designee's possession, it is Shipper's responsibility to provide Carrier with such information. If such information is not provided to Carrier on or before the tenth (10th) Day of the Month in which the statement and payment are due, then Carrier may, in a reasonable manner, estimate the invoice amount subject to adjustment in the next calendar Month. Shipper will pay any undisputed net amounts owed Carrier within fifteen (15) Business Days of receipt of the statement by wire transfer in accordance with wiring instructions provided by Carrier to Shipper. Carrier will pay any proceeds due Shipper, in accordance to the statement described above on or before the last Day of each Month immediately following the Month in which Shipper made deliveries. All amounts owed to either party, which are not timely paid to such party, shall bear interest from the date due until paid. Such interest will be assessed at a rate equal to: (a) one and one-half percent (1.5%) per Month, or (b) the highest rate permitted by Applicable Law, whichever is less, for any invoice or portion of an invoice not paid pursuant to the terms of the tariff; provided however if any amount is disputed by such party that has the payment obligation in good faith, such interest will not accrue during the time period of such dispute.

120. DIVERSION

Subject to Item No. 25 (NOMINATION, MINIMUM QUANTITY), change in destination or routing will be permitted without additional charge, on written request from the Shipper, provided that any requested destination or routing is set out in the Rates Tariff, and provided that no back-haul is required.

125. LIABILITY OF PARTIES

As a condition to Carrier's acceptance of Crude Petroleum under this tariff, each Shipper agrees to defend, indemnify and hold harmless 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 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 Shipper and Consignee shall be jointly and severally liable for the payment of transportation charges, fees, and other lawful charges accruing to or due Carrier by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on Crude Petroleum delivered by Carrier to Consignee. All accrued charges are due on delivery of Crude Petroleum by Carrier to Consignee. Carrier may, at its option, require Shipper or Consignee to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier pursuant to the provisions stated in Item No. 160 (FINANCIAL ASSURANCES).

a) The Carrier while in possession of any of the Crude Petroleum herein described shall not be liable for any loss thereof, damage thereto, or delay, caused by: fire, storm, flood, epidemics, Act of God, terrorism, vandalism, criminal acts, landslides, land collapses, riots, civil disorder, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war, default of Shipper, Consignor or Consignee, earthquakes, sinkholes, or from any other cause not due to the negligence of Carrier and in no event shall Carrier be liable to Shipper for consequential, incidental or exemplary damages to Shipper. In case of loss of Crude Petroleum in a segregated shipment, then the Shipper and Consignee thereof shall bear the entire loss, damage, or delay that occurs. In case of loss of Crude Petroleum that is not in a segregated shipment, then each Shipper of the grade of Crude Petroleum so lost via the System in which the loss occurs shall share such loss in the proportion that the amount of such grade of Crude Petroleum then in the custody of Carrier for the account of such Shipper in the System bears to the total amount of such grade of Crude Petroleum then in the custody of Carrier in the System.

b) Carrier will be obligated to deliver only that portion of a Crude Petroleum shipment remaining after deducting such loss. Transportation charges will be made only on quantities of Crude Petroleum delivered.

c) If Crude Petroleum is lost in transit, while in the custody of Carrier, due to causes other than those described in Item No. 125(a), Carrier may obtain and deliver to Shipper other Crude Petroleum of the same quantity and grade as that which was lost, but Carrier shall not be obligated to do so. In the alternative, Carrier may compensate Shipper for such loss in money. If Carrier compensates Shipper for such loss in money, the price per Barrel shall be determined as of the date of the loss based on the value of the lost Crude Petroleum.

130. CLAIMS, SUITS, AND TIME FOR FILING

a) Non-Committed Shippers - As a condition precedent to any statement, allocation, measurement, computation, charge or payment, recovery for loss, damage, or delay to shipments by any non-Committed Shipper, claims must be filed in writing with the Carrier within nine (9) months after delivery of the 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 arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) day from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

b) Committed Shippers – This paragraph shall apply only to Committed Shippers under this tariff. Within ten (10) Business Days' advance written notice to the other party, any Committed Shipper and Carrier will have the right at all reasonable times and during normal business hours during the term of this tariff to audit the books and records of the other party, including the ability to make and retain copies of the same, to the extent reasonably necessary to verify performance under the terms and conditions of this tariff, including, without limitation, the accuracy of any statement, allocation, measurement, computation, charge, payment, recovery for loss, damage, or delay to shipments made under or pursuant to this tariff, provided that the auditing party will protect the confidentiality of the books and records made available by the other party. Additionally, each Committed Shipper and Carrier has the right to perform site inspections or carry out field visits of the assets and related measurement equipment being audited, upon request to and in

compliance with the safety and other reasonable requirements of the party whose assets and related measurement equipment is being audited. The parties shall agree in good faith on a mutually-acceptable time and location to commence any audit initiated under the terms of this section, and such audit shall be performed in reasonable accommodations at the relevant offices or other work locations of the party to be audited. The party subject to the audit shall respond to all exceptions and claims of discrepancies within one hundred eighty (180) Days of receipt thereof. The accuracy of any statement, allocation, measurement, computation, charge, payment, recovery for loss, damage, or delay to shipments made under or pursuant to this tariff or other determination of any kind made pursuant to this tariff shall be conclusively presumed to be correct after the end of the twenty-four (24) Month period next following the end of the calendar year in which the statement, allocation, measurement, computation, charge or payment or other determination was made, generated or prepared, if not challenged (claimed) in writing prior thereto. Except as otherwise limited herein to a shorter period, all claims of discrepancies arising under an audit shall be deemed waived unless they are made in writing within the twenty-four (24) Month period next following the end of the calendar year in which the statement, allocation, measurement, computation, charge or payment or other determination was made, generated or prepared, regardless of any longer period that may be permitted by any applicable statute of limitations or other Applicable Law.

135. PIPEAGE OR OTHER CONTRACTS

Separate pipeage and other contracts may be required of a Shipper before any duty of transportation by the Carrier shall arise.

140. STORAGE IN TRANSIT

The Carrier has working tanks required in the process of transporting Crude Petroleum but no other available tankage and therefore, Carrier does not have facilities for rendering, nor does it offer, a storage service.

145. INTRASYSTEM TRANSFERS

An intrasystem transfer of title to Crude Petroleum will be allowed on the System for a fee of 0.56 cent per Barrel charged to the Transferor; provided, however, that no transfer fee shall be assessed to the Transferor if the Transferor pays the transportation charges to the specified transfer point. The Transferee accepting volumes on an intrasystem transfer shall be responsible for payment of the applicable charges from the transfer point to destination. Carrier shall not be obligated to recognize any intrasystem transfer and shall incur no liability with respect thereto or for any losses or damages accruing to any party involved in an intrasystem transfer. An intrasystem transfer request, if recognized, shall be confirmed in writing by both the Transferor and the Transferee within seventy-two (72) hours after the request. Such request shall indicate the party to which the transfer is to be made, the amount of Crude Petroleum to be transferred, its location, grade, and a warranty statement of unencumbered title. In addition, the Transferor and Transferee, pursuant to the provisions stated in Item No. 160 (FINANCIAL ASSURANCES), upon the request of Carrier and at Carrier's option, shall provide an irrevocable letter of credit in terms satisfactory to Carrier and in an amount necessary to cover all charges and fees.

150. COMMODITY

Carrier is engaged primarily in the transportation of Crude Petroleum and will not accept any other commodity for transportation.

155. CONNECTION POLICY

Connections to the System will only be considered if made by formal written notification to Carrier. All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with Applicable Laws.

160. FINANCIAL ASSURANCES

(a) At any time, upon the request of the Carrier, any prospective or existing Shipper shall provide financial documentation and information to the Carrier that will allow the Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including but not limited to the payment of transportation charges and the reasonably determined value of the Allowance Oil and negative Shipper's balance positions. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide the requested information to the Carrier or if the Carrier's review of the requested information reveals that the existing or prospective Shipper may not have the capacity to perform the financial

obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including but not limited to the payment of transportation charges and the reasonably determined value of the Allowance Oil and negative Shipper's balance positions.

(b) Subject to the provisions of paragraph (c) below, the Carrier upon notice to the prospective or existing Shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to the Carrier to be provided at the expense of the Shipper:

1. prepayment;
2. a letter of credit in favor of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to the Carrier in a form and from an institution acceptable to Carrier;
3. a guaranty in an amount sufficient to ensure payment of all such costs and charges that could reasonably accrue due to the Carrier, in a form and from a third party acceptable to Carrier; or
4. such other enforceable collateral security including but not limited to security agreements over assets of the Shipper, in a form acceptable to the Carrier, collectively "the Financial Assurances".

(c) In the event that the Carrier reasonably determines that:

1. the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory;
2. any Financial Assurances previously provided by a Shipper no longer provide adequate security for the performance of the Shipper's obligations that could arise from the transportation of its Crude Petroleum under the terms of this tariff; or
3. the Carrier otherwise determines that it is necessary to obtain Financial Assurances from the Shipper,

then the Shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's Crude Petroleum by the Carrier.

For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to the Carrier relating to the transportation of the Shipper's Crude Petroleum, those charges and costs shall include but are not limited to transportation charges, negative Shipper's balance positions and the Allowance Oil. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver the Financial Assurances to Carrier.