

This tariff is being filed solely for the convenience and information of carriers, shippers and potential shippers.

TRRC 1

# COLONIAL PIPELINE COMPANY

## RULES AND REGULATIONS TARIFF GOVERNING THE TRANSPORTATION OF PETROLEUM PRODUCTS

BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

THIS TARIFF APPLIES ONLY TO TARIFFS MAKING SPECIFIC REFERENCE HEREIN.

Origin:  
Houston (Pasadena)  
Harris County, TX

Destination:  
Cedar Bayou  
Harris County, TX

THE PROVISIONS PUBLISHED HEREIN WILL, IF EFFECTIVE, NOT RESULT IN AN EFFECT ON THE QUALITY OF THE HUMAN ENVIRONMENT

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For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

All Charges on This Page are New.

**TABLE OF CHARGES**

Handling Charge in Cents per Barrel of 42 United States Gallons

ITEM	POINT OF ORIGIN	
	DESTINATION	
1	<u>State of Texas</u> Cedar Bayou (Harris County)	Houston (Pasadena) Harris County, Texas  5 cpb

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For explanation of Abbreviations and Reference marks, see last page of tariff.

## RULES AND REGULATIONS

Item	Subject	Rules and Regulations
5	Definitions	<p>As used in these rules and regulations, the following terms have the following meanings:</p> <p>"API Gravity" means gravity determined in accordance with ASTM Designation D-287-67 or latest revision thereof.</p> <p>"ASTM Color" means color determined by the ASTM standard method of test ASTM Designation D-1500-64 or latest revision thereof.</p> <p>"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.</p> <p>"Batch" means a quantity of petroleum product moved through the pipeline as an identifiable unit. A "Batch" shall be classified as segregated, joint or fungible, each classification being described as follows:</p> <ul style="list-style-type: none"> <li>(a) A "Segregated Batch" is a quantity of petroleum product being the product of a single shipper.</li> <li>(b) A "Joint Batch" is the combination of two or more quantities of petroleum product commingled by the carrier at the request of the participating shippers.</li> <li>(c) A "Fungible Batch" is a quantity of petroleum product meeting carrier's established specification which may be commingled with other quantities of petroleum product meeting the same specification.</li> </ul> <p>"Carrier" means Colonial Pipeline Company and other pipeline companies concurring in tariffs making specific reference herein.</p> <p>"Change Fee Begin Date" is the date ten (10) days prior to the Cycle Begin Date.</p> <p>"Change Fee Periods" are defined as Fee Period 1 which commences on each Change Fee Begin Date and ends on each Cycle Begin Date and Fee Period 2 which commences on each Cycle Begin Date and ends on each Cycle End Date.</p> <p>"Cycle Begin Date" is the first, sixth, eleventh, sixteenth, twenty-first, or twenty-sixth day of each month representing a close approximation of the first Houston origin start of any Petroleum Products Shipment within a Cycle.</p> <p>"Cycle End Date" is the date of the conclusion of the shipper's final Petroleum Product Shipment from any Gulf Coast origin location in each Cycle.</p> <p>"Consignee" means the party to whom a shipper has ordered the delivery of petroleum product.</p> <p>"Cycle" means a period of time (approximately 5 days) during which each type of product is pumped for all shippers desiring transportation of such product.</p> <p>"Final Termination" means complete removal of a batch or the final portion thereof from carrier's main lines.</p> <p>"Gross Nomination Change Value" is the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.</p> <p>"Interface Mixture" is that mixture occurring in pipeline operations between adjoining batches of petroleum product having either similar or dissimilar physical characteristics.</p> <ul style="list-style-type: none"> <li>(a) "Compatible Interface" is that mixture occurring between adjoining batches of petroleum product having similar physical characteristics which can be absorbed into the adjoining batches.</li> <li>(b) "Transmix" is that mixture occurring between adjoining batches of petroleum product having dissimilar physical characteristics which cannot be absorbed into the adjoining batches.</li> </ul> <p>"Petroleum Products" means gasolines and petroleum oil distillates as further described in Item 10.</p> <p>Pipeline segments within the Colonial Pipeline system are identified in the following manner:</p> <ul style="list-style-type: none"> <li>(a) "Main Lines" are those pipelines in carrier's system being 30 inches or more in diameter.</li> <li>(b) "Stub Lines" are carrier's pipelines extending from other main line system to one or more of carrier's custody metering facilities.</li> <li>(c) "Delivery Lines" are those pipelines extending from carrier's custody metering facilities to consignee's or connecting carrier's receiving facilities.</li> </ul> <p style="text-align: right;">(continued)</p>
For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.		

## RULES AND REGULATIONS

Item	Subject	Rules and Regulations
5	Definitions (Continued)	<p>"Point of Origin" means the specific location on carrier's system as designated in its tariff where carrier accepts petroleum product for shipment and may be referred to in other items of this tariff as "origin station."</p> <p>"Receiving Tankage Party" means the provider of storage facilities and the associated tankage at the delivery point designated in this tariff.</p> <p>"Shipment" means a volume of petroleum product offered to carrier at a point of origin for transportation through carrier's system to designated delivery locations.</p> <p>"Shipper" means the party who contracts with carrier for shipment of petroleum products under the rules, regulations and rates of this tariff and other tariffs making specific reference herein.</p>
10	Specifications	<p>(a) Carrier may require the shipper to furnish certified laboratory reports indicating the results of the testing of petroleum products offered for transportation. Carrier will also make such tests of the petroleum products as it may deem appropriate. In the event of a variance between shipper's report and carrier's test, carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.</p> <p>(b) Carrier shall have no obligation to accept petroleum products for shipment if such products contain water or other impurities; have a color darker than No. 3 ASTM (except that gasolines to which artificial coloring had been added will be accepted for transportation regardless of color); have a vapor pressure of more than 15 pounds absolute at 100 degrees Fahrenheit; have an API gravity of less than 25 degrees or more than 80 degrees at 60 degrees Fahrenheit; a viscosity of more than 4.3 centistokes at 100 degrees Fahrenheit and a temperature of more than 100 degrees Fahrenheit; or are not in compliance with the Carrier's published Product Quality Assurance specifications established for all shippers. These specifications are published in Section 3 of Carrier's Shipper Manual entitled "Product Codes &amp; Specifications." An electronic copy of this section can be found on the Carrier's website at <a href="http://www.colpipe.com/cs_man.asp">http://www.colpipe.com/cs_man.asp</a>. Petroleum products accepted will be corrected as to volume in accordance with Item 40 of this tariff.</p> <p>(c) Products tendered for transportation shall not contain blending components, which are not pure hydrocarbons, unless carrier has been notified of these components in advance and has agreed to accept such products for shipment. Shipper must report type and percent by volume of all nonhydrocarbon blending components.</p> <p>(d) Carrier reserves the right to refuse to accept any shipment of product that is:                      (1) not in compliance with state and federal regulations, (2) a health hazard,                      (3) incompatible with its transportation system, method of operation or transportation of other petroleum products.</p>
20	Minimum Tender and Batch: Delivery Restrictions	<p>(a) Minimum Tender - The minimum quantity of petroleum products which will be accepted at one point of origin from a single shipper for inclusion in a joint, segregated or fungible batch shall be 25,000 barrels.</p> <p>(b) Minimum Batch - A segregated, fungible or joint batch originating in Houston (Pasadena), Harris County, TX to Cedar Bayou, TX on either of the main lines shall consist of no less than 75,000 barrels.</p> <p>(c) Delivery Restrictions - For batches nominated to the Cedar Bayou, TX destination, only a Cedar Bayou, TX destination will be allowed. Shippers will not be permitted to split delivery nominations where a Cedar Bayou, TX destination is included.</p>
25	Notice of Intent to Ship: Shipping Schedules	<p>(a) At least 30 days in advance of effective date, carrier shall furnish each current shipper a copy of carrier's annual schedule calendar and all revisions thereto, which will specify calendar dates on or before which the shipper must notify carrier via electronic information networks of intent to ship Petroleum Products (also referred to herein as nominations) within the cycle periods assigned to said calendar dates.</p> <p>Shippers shall be required to submit nominations to carrier at least 30 days prior to cycle lifting date. This requirement provides carrier with information to review and analyze to determine the requirements necessary to handle all shippers' Petroleum Products. Unless such nominations are made, the carrier shall be under no obligation to accept Petroleum Products from such shipper.</p> <p>(b) Carrier shall prepare and make available, via electronic information networks, origin nomination due dates for fungible gasoline and distillate products. Shippers shall be required to have their Batches nominated and confirmed by any third parties involved in the Batch by the nomination due dates. Unless such nominations and confirmations are received, the carrier shall be under no obligation to accept Petroleum Products from such shipper.</p>

(continued)

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

## RULES AND REGULATIONS

Item	Subject	Rules and Regulations
25	Notice of Intent to Ship: Shipping Schedules (Continued)	<p>(c) Carrier will prepare and make available, via electronic information networks, schedules showing the estimated time each shipment will be received for transportation at points of origin and the estimated time of arrival at destination. Such schedules may be modified from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of carrier's facilities and to reasonably accommodate shippers' needs for transportation.</p> <p>(d) Shipper shall have each shipment available in tankage connected to carrier's origin stations to allow reasonable time for product sampling and testing prior to the scheduled time for receipt by carrier; carrier's experience indicates that eight (8) hours prior to the scheduled time for receipt is sufficient. When a product is not available for carrier sampling and testing, acceptance of said product will be at the discretion of the carrier. The carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.</p>
27	Nomination Integrity Program	<p>To improve ratatability of petroleum product originations and deliveries, fees will be assessed on a per shipper basis to discourage major changes in nominations. Such fees shall be assessed in conformity with the terms and conditions set forth below.</p> <p>(a) Nomination change fees per shipper shall be applicable to changes in the sum of the volumes nominated per shipper for all gasoline products at all Gulf Coast origin locations, and likewise to changes in the sum of volumes nominated for all distillate products at all Gulf Coast origin locations.</p> <p style="padding-left: 40px;">Gulf Coast origin locations include Houston and Hebert, Texas, Lake Charles, Krotz Springs, Baton Rouge and Baton Rouge Dock Facility, Louisiana, Collins, Mississippi, and Moundville, Alabama.</p> <p>(b) Fees shall be calculated on the basis of the Change Fee Begin Date, Cycle Begin Date and Cycle End Date. The Cycle Begin Date, represents a close approximation of the first Houston origin start of any Petroleum Products Shipment within a Cycle. Cycle Begin Dates occurring otherwise shall be published via carrier's electronic information network.</p> <p>(c) There shall be two (2) Change Fee Periods during which nomination change fees shall be assessed:</p> <p style="padding-left: 40px;">(1) Change Fee Period 1 shall commence on each Change Fee Begin Date and shall end on each Cycle Begin Date.</p> <p style="padding-left: 40px;">(2) Change Fee Period 2 shall commence on each Cycle Begin Date and shall end on each Cycle End Date.</p> <p>(d) For each Change Fee Period, the Gross Nomination Change Value shall be the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.</p> <p style="padding-left: 40px;">Nomination change fees shall be applied to Gross Nomination Change Values less the greater of twenty five thousand (25,000) barrels or twenty (20) percent of the nomination volume recorded on the first day of each Change Fee Period. Nomination change fees shall be assessed as follows:</p> <p style="padding-left: 80px;">(1) [U] One and a half (1.5) cents per barrel for Change Fee Period 1; and</p> <p style="padding-left: 80px;">(2) [U] Three (3) cents per barrel for Change Fee Period 2.</p> <p>(e) All nomination change fees that would otherwise be assessed within an affected cycle shall not be assessed in the event that carrier:</p> <p style="padding-left: 40px;">(1) Allocated Shipments on Line 1 or Line 2; or</p> <p style="padding-left: 40px;">(2) Disrupts shipping schedules to accommodate unplanned system maintenance; or</p> <p style="padding-left: 40px;">(3) Disrupts shipping schedules in response to delays caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, or floods.</p> <p style="text-align: right;">(continued)</p>

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

**RULES AND REGULATIONS**

Item	Subject	Rules and Regulations
27	Nomination Integrity Program (Continued)	<p>(f) Volume credits shall be awarded to shippers who, pursuant to Carrier's request, agree to change their scheduled batches for the purposes of maintaining or improving Colonial's system ratability. Qualified changes shall be defined as Carrier requested adjustments a shipper makes to the volume or lifting start-time of a scheduled batch. The amount of volume credits awarded for qualified changes shall be on a barrel for barrel basis equal to the volume of the specific batch that is changed. Volume credits accrued shall be applied to subsequent barrels that would otherwise be subject to the nomination change fees until they are exhausted. All unused credits shall terminate after 180 days from accrual. There will be no monies exchanged for volume credits.</p> <p>(g) Volume credits will be awarded for nomination changes arising from qualified trades of like product movements between shippers. Qualified trades of like product movements will consist of offsetting nomination changes involving the same product type if the movement is during the same cycle and from the same origin location. The amount of volume credits awarded for qualified trades shall be on a barrel for barrel basis equal to the volume of the offsetting nominations. All shippers participating in the trade must notify carrier in writing to be eligible for volume credits by no later than the date corresponding to the end of the cycle in which the trade occurs. There will be no monies exchanged for volume credits.</p>
29	Capacity Allocation Program	<p>During periods of anticipated segment capacity constraint, carrier will equitably allocate capacity (consistent with carrier's existing Proration of Pipeline Capacity policy, Item 90, to shippers based on the shippers' Committed Nomination. A Capacity Allocation Fee will be assessed on shippers whose actual shipments do not utilize their Threshold Volume. This fee will be determined and assessed as follows:</p> <p>(a) Definitions</p> <p>For the purpose of this item, the following terms are defined as:</p> <p>Available System Capacity - A calculated volume determined by summing, for all shippers, the lesser of each individual shippers' (1) Binding Requests or (2) Calculated Cycle Historical Allocation and subtracting this sum from the total segment capacity</p> <p>Adjusted Binding Request - The nominated volume in the system as of 23:59 on the 2nd business day following the Notice of Allocation plus any adjustments associated with the allocation of Available System Capacity or the nominated volume in the system as of 23:59 on the 1st business day following the Freeze Notice plus any adjustments required.</p> <p>Binding Request - The nominated volume in the system as of 23:59 on the 2nd business day following the Notice of Allocation or the nominated volume in the system as of 23:59 on the 1st business day following the Freeze Notice.</p> <p>Committed Nomination - Adjusted Binding Request accepted by carrier.</p> <p>Calculated Cycle Historical Allocation (CCHA) - Minimum capacity available to a shipper based on carrier's existing Proration of Pipeline Capacity policy, Item 90.</p> <p>Calculated Minimum Nomination - A calculated percentage (80%) of the Initial Nomination or the Initial Nomination less 25,000 barrels whichever is less.</p> <p>Cycle Closing Date - Defined for each line as the first closing date scheduled for a given cycle. This is approximately 4 business days prior to the cycle lifting date. Shippers are notified of the Cycle Closing Date via bulletin.</p> <p>Fourth Invoice Period - The last monthly transportation invoicing period for a calendar month. The 22nd through the last day of the month.</p> <p>Initial Nomination - The nomination submitted by a shipper that contributes to a line being allocated or frozen. It is the nomination recorded at the time the Notice of Allocation or Freeze Notice is issued.</p> <p align="right">(continued)</p>

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

**RULES AND REGULATIONS**

Item	Subject	Rules and Regulations
29	Capacity Allocation Program (Continued)	<p>(a) Definitions (cont)</p> <p>New Shipper - Any shipper who has satisfied the applicable requirements of the tariff rules. The allocated shipments of each new shipper will be that proportion of system capacity that the new shipper's verified forecast volumes bear to the total forecast volumes.</p> <p>Notice of Allocation (Bulletin) - Bulletin issued by carrier informing shippers that the system may be allocated.</p> <p>Freeze Notice (Bulletin) - Bulletin issued by carrier informing shippers that the nominations in the system may be frozen.</p> <p>Capacity Allocation Fee - A fee of [U] 44 cents per barrel charged to shippers under the Capacity Allocation Program where the Threshold Volume is not shipped. The charge is determined by subtracting the Threshold Volume from the ticketed (final) volume and multiplying any resulting positive value by [U] 44 cents per barrel.</p> <p>Threshold Volume - A calculated percentage (95%) of the Committed Nomination.</p> <p>(b) If it is determined that carrier's system may be allocated, carrier will issue a Notice of Allocation to shippers four business days prior to the Cycle Closing Date. At this time, carrier will record each shippers' Initial Nomination, Calculated Minimum Nomination and Calculated Cycle Historical Allocation (CCHA). Each shipper will have two business days to confirm or resubmit their Initial Nominations. This confirmation or resubmission will be considered the shippers' Binding Request.</p> <p>(c) Following the receipt of the Binding Request, if it is determined that there is no remaining Available System Capacity, then the lesser of each individual shippers', both existing and New Shippers, (1) Binding Request or (2) Calculated Cycle Historical Allocation (CCHA) will be recorded as an Adjusted Binding Request.</p> <p>(d) Following the receipt of the Binding Request, if it is determined that there is Available System Capacity, then the Available System Capacity will be divided proportionately among those shippers, both existing and New Shippers, whose Binding Requests are in excess of their CCHA until such requests are fully satisfied or all Available System Capacity has been equitably allocated. The resulting adjustments will be added to each shippers' Binding Requests and will be recorded as an Adjusted Binding Request.</p> <p>(e) If Available System Capacity remains after all shippers, both existing and New Shippers, Binding Requests in excess of the CCHA have been satisfied, carrier will proportionately allocate the remaining Available System Capacity to shippers whose Binding Requests are less than their Calculated Minimum Nomination. The resulting adjustments will be added to each shippers' Binding Request and will be recorded as an Adjusted Binding Request.</p> <p>(f) Each Adjusted Binding Request will be reviewed by carrier and accepted as a Committed Nomination. Following the acceptance of Committed Nominations, carrier will publish for each shipper their Committed Nomination and Threshold Volume.</p> <p>(g) In the event Initial Nominations rise to levels that indicate that carrier's system may be allocated prior to the Cycle Closing Date, but less than four business days prior to the Cycle Closing Date, carrier may find it necessary to close and lock the Initial Nominations for that cycle. This closing and locking process is called a Freeze. Should a Freeze be required, carrier will immediately issue a Freeze Notice to shippers. At this time, carrier will record each shippers' Initial Nomination and a Calculated Minimum Nomination. Each shipper will have one business day after the Freeze Notice to confirm or resubmit their Initial Nominations. This confirmation or resubmission will be considered the shippers' Binding Request.</p> <p>(h) In the event of a <i>Freeze Notice</i>, no <i>Binding Request</i> nomination can be greater than the level of the Initial Nomination. Further, no Binding Requests will be allowed that are less than the Calculated Minimum Nomination. Any Binding Request submitted at a level that is less than the Calculated Minimum Nomination will be adjusted up to the Calculated Minimum Nomination level and become an Adjusted Binding Request. The Adjusted Binding Requests will be reviewed by carrier and accepted as a Committed Nomination. Following the acceptance of Committed Nominations, carrier will publish for each shipper their Committed Nomination and Threshold Volume.</p> <p>(i) A charge for a shipper will be determined and applied by subtracting each cycle's actual ticketed volume from the Threshold Volume. If the resulting volume is greater than zero, this volume will be multiplied by the Capacity Allocation Fee. This charge will be assessed during the Fourth Invoice Period.</p>

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

**RULES AND REGULATIONS**

Item	Subject	Rules and Regulations
30	Segregation and Variations in Quality and Gravity	<p>(a) It is inherent in the operations of a products pipeline that interface mixtures will occur between batches. Therefore, carrier shall not be liable for variation in gravity or quality of petroleum products occurring while in its custody, resulting from any cause other than the negligence of the carrier, and carrier is under no obligation to deliver the identical petroleum products received and may deliver petroleum products of substantially the same specifications.</p> <p>(b) Subject to the foregoing, carrier will, on segregated batches and to the extent permitted by carriers facilities, make delivery of substantially the identical petroleum products at destinations; however, it being impractical to maintain absolute identity of each total shipment of petroleum products, reasonable substitution of petroleum product having substantially the same specifications will be permitted.</p>
35	<p>Origin and Destination Facilities                      ---                      Duties of Shippers and Consignees                      ---                      Disposition of Product on Failure to Accept Delivery                      ---                      Demurrage Charges At Carrier Tankage</p>	<p>(a) Shipper shall furnish facilities to deliver petroleum products to carrier's booster pump suction at origin stations at any requested rate which is within carrier's minimum and maximum operating rates and at a minimum of 5 psi gauge pressure for any applicable pumping rate.</p> <p>(b) No duty to transport shall arise until shipper has provided necessary facilities, to which carrier is connected at destination points, capable of receiving shipments without delay at maximum operating pressures and pumping rates of carrier. These facilities must: 1) meet a minimum rating of 275 psi Maximum Operating Pressure, 2) be capable of receiving deliveries of products with a reasonable margin of safety to provide for unplanned changes in operating conditions, i.e., line blockage at the receiving terminal manifold, and 3) incorporate two-stage high-level alarms [e.g., a) a liquid level alarm that is activated from the gauging system, and a separate liquid level alarm which is activated by a float or b) a non-intrusive unit that continuously monitors liquid levels and sends two separate alarms] in good working condition, for all receiving tanks that are part of the facility, with monitoring capability at carrier's facilities, including the activation of the alarm when the system is not functioning in its normal manner.</p> <p>If, in carrier's reasonable opinion, the facilities provided by shipper fail to meet any or all of the above requirements, carrier may discontinue deliveries to such facility. Carrier may, however, at its sole option, make or continue deliveries to a facility not in compliance with this Item (b) to avoid disruption of its pipeline system or to avoid any other unsafe condition. Any decision to make or continue a delivery shall neither be construed as a waiver by carrier of the shipper's breach of this tariff item nor in any other way affect shipper's obligations under Item 65 of this tariff. Furthermore, carrier's acceptance and delivery of product to any facility provided by shipper shall not evidence carrier's approval of the adequacy of such facilities or the competency of its personnel and responsibility for such facilities and its personnel shall be exclusively that of the shipper.</p> <p>(c) Not less than 24 hours before arrival of petroleum products at the shipper's designated delivery location, carrier shall notify shipper's designated consignee of the expected time and volume of the pending delivery. It shall be the duty of the shipper and consignee, after notification as hereinbefore stated, to make the necessary arrangement for the safe receipt of the petroleum product in consignee's tankage and to confirm to carrier their readiness to receive such delivery. At least sixty (60) minutes prior to the estimated time of arrival of the delivery, the terminal operator shall notify carrier that the receiving tank, manifold and alarm system are ready and in a safe condition to receive product. When carrier elects or agrees to deliver product into a consignee's receiving tank(s) which has malfunctioning high-level alarms, consignee shall establish a safe operating procedure that is satisfactory to carrier prior to start of delivery, shall monitor and periodically report status of delivery conditions to carrier during delivery, and within thirty (30) minutes after completion of a delivery, notify carrier that the delivery of product has been concluded and that consignee's facilities are in a safe operating condition.</p> <p>(d) In the event carrier has accepted petroleum products for transportation in reliance upon shipper's representations as to acceptance at destination, and there is failure to promptly accept such petroleum products at destination as provided in paragraph (b) hereof, then and in such event carrier shall have the right to divert, re consign or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline facilities including the right to sell, for the account of the shipper, the petroleum products at private or public sale, and to charge the shipper demurrage as provided in paragraph (e) hereof. Out of the proceeds of said sale, carrier may pay itself all transportation charges and other necessary expense for caring for and maintaining the petroleum products and the balance shall be held for whomsoever may be lawfully entitled thereto.</p>

(continued)

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

## RULES AND REGULATIONS

Item	Subject	Rules and Regulations
35	Disposition of Product on Failure to Accept Delivery --- Demurrage Charges At Carrier Tankage (Continued)	<p>(e) Demurrage shall be charged at [U] 25 cents per barrel per day, or portion thereof, for volumes remaining in carrier tankage beyond the end of the cycle and such demurrage shall be charged to the shipper of that batch. For product movements the shipper must designate a valid destination not later than 8:00am Eastern Standard Time three business days prior to the day of that batch delivering into carrier tankage.</p>
40	Measuring and Volume Correction	<p>(a) Quantities of petroleum product received at origin and delivered at destination shall be determined by meters or tank gauges. Volumes shall be corrected by recognized means from observed temperature and pressure to a temperature of 60 degrees Fahrenheit and a pressure of zero psi gauge. Full volume deductions will be made for all water and other impurities in products received or delivered as determined by recognized means.</p> <p>(b) Shippers or consignees shall have the right to be present or represented at the times of measuring and testing. Should shippers or consignees not avail themselves of the right to be present at the time or times of measuring and testing pursuant to the terms of this item, then, and in that event, it shall be presumed that carrier's records of quantities of petroleum product received or delivered by carrier are correct and that carrier's determination of water and other impurities contained in said petroleum products are correct.</p> <p>(c) At any time during normal operations, shippers may observe and verify the methods and procedures used for measurement and testing of products by carrier to insure that such are proper and recognized means of measurement.</p>
45	Change, Diversion or Reconsignment	<p>Houston (Pasadena), Harris County, Texas will be the only eligible origin location for volumes moved under this tariff. No back haul movement will be permitted. Requests for changes in delivery points shall not be permitted after a batch has been lifted.</p>
50	Tariffs Applicable	<p>Petroleum products accepted by carrier shall be subject to and governed by the rates rules and regulations contained in tariffs issued by carrier and in effect at 12:00 midnight Eastern Standard Time on the date petroleum products are received by carrier.</p>
55	Handling Charges	<p>(a) Handling charges will be computed and collected, in United States currency, at the applicable tariff rate on the basis of the number of barrels of petroleum products delivered at destination, after volume corrections, as provided for in Item 40.</p> <p>(b) In the event that an invoice for the charges described in (a) above, or for delivery adjustments under Item 75, is not paid to and received by carrier in full within thirty (30) days of its date, the balance due on such invoice shall bear interest from that 30th day at an annual rate equal to the prime rate at the Wachovia Bank of Georgia, or successor thereto, plus 3%, but not to exceed the rate permitted on such invoices by applicable state law. The interest rate for each month will be determined the first business day of each month.</p> <p>(c) The receiving tankage party shall be responsible for all handling charges applicable to the particular shipment and if required by carrier, shall prepay all charges or furnish guaranty of payment satisfactory to carrier.</p>
(continued)		
For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.		

## RULES AND REGULATIONS

Item	Subject	Rules and Regulations
55	Handling Charges (Continued)	<p>(d) Carrier shall have a security interest in all petroleum products accepted from a shipper under this tariff. This security interest shall secure:</p> <ol style="list-style-type: none"> <li>(1) All transportation, delivery adjustment, interest charges and any other amounts due or to become due from a shipper, and</li> <li>(2) All costs and expenses of carrier in exercising any of its rights detailed in (e) below, including, but not limited to, reasonable attorney fees, storage charges and settlement of conflicting liens.</li> </ol> <p>(e) The security interest provided herein shall be in addition to any lien provided by statute or common law. In the event shipper fails to satisfy when due any obligation to carrier, carrier shall have all the rights and remedies accorded to a secured party under applicable state law and in addition may in its sole discretion and without notice take any or all of the following actions:</p> <ol style="list-style-type: none"> <li>(1) Refuse to deliver petroleum products in its possession until all such obligations have been paid.</li> <li>(2) Proceed to sell any such products, in accordance with the applicable provisions of state law, and apply the proceeds to such obligations.</li> <li>(3) Store such products or contract for storage of such products pending sale or other disposition.</li> <li>(4) Take any other action it deems necessary for the proper protection and sale of such products.</li> </ol>
60	Liability of Carrier	<p>While in custody of any petroleum product, carrier shall not be liable for loss thereof, or damage thereto, or delay caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, floods, or act of default of the shipper or consignee or any other cause whether similar or dissimilar to the causes herein enumerated, not due to the negligence of the carrier. Losses not due to the negligence of carrier will be allocated to the shippers as provided in Item 75 of this tariff. Losses due to the negligence of carrier shall be the obligation of carrier and settled by carrier for carrier's account.</p> <p>Statements of the losses, ascertained and computed by carriers standard accounting procedure, are to be accepted by shipper as prima facie correct in the distribution of such losses under this Item and Item 75.</p> <p>Carrier shall not be liable for discoloration, contamination or deterioration of petroleum products transported, unless such discoloration, contamination or deterioration results from the negligence of the carrier.</p> <p>The carrier will be obligated to deliver only that portion of such petroleum products remaining after deducting for all shrinkage, evaporation, other physical product loss and transmix contemplated under this tariff. All such product losses shall be accounted for as provided under this Item and Item 75.</p> <p>Carrier recognizes and accepts custody of all petroleum product accepted for shipment while such petroleum product is in pipeline facilities owned and operated by carrier.</p>
65	Liability of Shipper	<p>As a condition to carrier's acceptance of petroleum products under this tariff, each shipper (for purposes of this item the term "shipper" shall include users of tank space) agrees to protect and indemnify carrier against claims or actions for injury to and/or death of any and all persons whomever and for damage to property of carrier, shipper, consignee and/or third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by the shipper, his consignee, his agents, employees or representatives and 2) the negligent act or acts or failure to act of the shipper, his consignee, his agents, employees or representatives in connection with the delivery or receipt of such petroleum product 3) liability arising from the chemical characteristics of product(s), except to the extent such liability arises from carrier's negligence and 4) any claims relating to non-negligent product losses.</p>

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

## RULES AND REGULATIONS

Item	Subject	Rules and Regulations
70	Title	<p>An offer of petroleum products for shipment shall be deemed a warranty of title by the party offering, but acceptance shall not be deemed a representation by the carrier as to title. The carrier may, in the absence of adequate security, decline to receive any petroleum products which are in litigation, or as to which a dispute over title may exist, or which are encumbered by a lien. Delivery of petroleum products to the consignee designated by the shipper shall relieve carrier of all liability as to custody or title.</p>
75	Delivery Adjustments	<p>Carrier shall account to each shipper for all petroleum products received. Losses resulting from shrinkage, evaporation, and interface mixture will be settled financially with each shipper based on carrier's meter measurements and carrier's monthly settlement pricing. Shipper will be credited for any interface mixture that is clearly identifiable to the shipper's intrastate movements and is disposed at private or public sale by carrier. All other product losses not resulting from carrier's negligence will be the sole responsibility of the shipper.</p>
80	Time Limitation On Claims	<p>As a condition precedent to recovery for loss, damage, or delay of shipments, claims must be filed in writing with the carrier within nine months and one day after delivery of the product, or in case of failure to make delivery, then within nine months and one day after reasonable time for delivery, based on carrier's normal operations, has elapsed; and suits shall be instituted against the carrier only within two years and one 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 hereunder shall not be liable, and such claims will not be paid.</p>
85	Corrosion Inhibitors	<p>Shipper may be required by carrier to inject oil soluble corrosion inhibitors acceptable to carrier, in the petroleum products to be transported.</p>
90	Proration of Pipeline Capacity	<p>When the total volume offered for shipment by all shippers in accordance with Item 25 is greater than can be transported within the period and between the locations specified by such offers, petroleum products offered by each shipper for transportation will be transported between such locations in such quantities, at such times and to the limit of carrier's operating capacity so as to avoid discrimination (unreasonable preference or prejudice) among shippers, and so as not to adversely affect the reasonable operation of carrier's facilities.</p>
105	Financial Assurance Agreements Required	<p>In the event a shipper or consignee desires new or additional pipeline service which necessitates additions or modifications to carrier's pipeline system, a separate financial assurance agreement may be required before any obligation to provide the new or additional service under this tariff shall arise.</p>
		<p style="text-align: center;">EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS</p> <p>API..... American Petroleum Institute  ASTM..... American Society of Testing and Materials  CCHA..... Calculated Cycle Historical Allocation  FERC..... Federal Energy Regulatory Commission  No..... Number  Psi..... Pounds per square inch  ULSD..... Ultra Low Sulfur Diesel  cpb..... Cents per Barrel  TRRC..... Railroad Commission of Texas</p>
For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.		