

# East Cameron Gathering LLC

## **RULES AND REGULATIONS TARIFF**

### **Applying to the Offshore Transportation of Crude Petroleum from**

### **Points Offshore Louisiana to Point Offshore Louisiana**

Rates for transportation service offered herein are subject to the provisions hereof, and are applicable only on shipments to the destination named herein, for transportation beyond by a pipeline system owned and operated by Crimson Gulf, LLC, which is further subject to their rules and regulations tariff.

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**Issued by:**

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## **RULES AND REGULATIONS**

### **RULE 1. DEFINITIONS**

“API” means American Petroleum Institute.

“ASTM” means American Society for Testing Materials.

“Barrel” means forty-two (42) United States gallons of Crude Petroleum at a temperature of sixty degrees (60°) Fahrenheit and either 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.

“Carrier” means East Cameron Gathering LLC.

“Common Stream” means Crude Petroleum that is moved through the System and is commingled or intermixed with other Crude Petroleum.

“Connecting Carrier” means a pipeline company (other than Carrier) with pipeline facilities connecting to the System.

“Consignee” means the party to whom a Shipper has ordered the delivery of Crude Petroleum.

“Crude Petroleum” means the direct product of oil wells, indirect petroleum products resulting either from distillate recovery equipment in gas and distillate fields, or a mixture of the direct product and indirect petroleum products.

“Monthly Accounting Period” means a calendar month beginning at 7:00 a.m. on the first day of a month and ending at 7:00 a.m. on the first day of the succeeding month.

“Nomination” means an offer by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from one or more specified origin(s) on the System to one or more specified destinations on the System in accordance with these Rules and Regulations Tariff.

“Shipper” means a party who contracts with Carrier for the transportation of Crude Petroleum, as defined herein and under the terms of this Rules and Regulations Tariff.

“System” means the collective of all of Carrier’s pipelines, facilities, tanks and all other ancillary equipment to which the Rules and Regulations Tariff herein apply.

### **RULE 2. SPECIFICATIONS AS TO QUALITY AND LEGALITY OF SHIPMENT**

Carrier reserves the right, in its sole discretion, to reject any and all of the following shipments:

- A. Crude Petroleum whose gravity, viscosity and other characteristics are such that it is not readily susceptible of transportation through Carrier's existing System or of receipt by the designated Connecting Carrier or may damage the quality of other shipments or cause disadvantage to other Shippers and/or Carrier.
- B. Crude Petroleum containing basic sediment, water or other impurities totaling in excess of one percent (1%) as determined by centrifugal test or as may be agreed upon by the Shipper and Carrier.
- C. Crude Petroleum where the Shipper or its Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regarding shipment of Crude Petroleum.
- D. If Carrier determines that a Shipper has delivered to Carrier's 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 which results in harm to other Shippers, carriers, users of the contaminated Crude Petroleum or Carrier, such Shipper will be excluded from further entry into applicable segments of the System until such time as the quality of the Crude Petroleum is to the satisfaction of the Carrier. Carrier is not responsible for monitoring receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its System. Disposal thereof may be made in any reasonable manner including but not limited to commercial sales, 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. Shipper liability includes, but is not limited to, claims from other Shippers, carriers, or users of the contaminated Crude Petroleum and the costs of any regulatory or judicial proceeding.

A Crude Petroleum quality testing and administration fee of \$0.007 per Barrel will be assessed to each Shipper to cover the costs for Carrier to test Crude Petroleum according to the quality specifications above (including without limitation for sulfur, paraffin and water content). For any Crude Petroleum not meeting such specifications, Carrier may, in its sole discretion, require the applicable Shipper (or its designee) to chemically treat such Crude Petroleum at its sole cost, expense and charge. For any Crude Petroleum that falls in any of the categories above but that Carrier accepts for transportation, Carrier may, in its sole discretion, chemically treat same at the sole cost, expense and charge of the Shipper and its Consignee.

### **RULE 3. RECEIPT, DELIVERY AND IDENTITY OF SHIPMENTS**

Crude Petroleum offered for transportation will be received into the System of Carrier only on the condition that:

- A. It shall be subject to such changes in gravity or quality as may result from the mixture of said Crude Petroleum with other Crude Petroleum in the tanks or lines of Carrier or Connecting Carrier; and
- B. Carrier shall be under no obligation to deliver the identical Crude Petroleum received, and reserves the right to make delivery out of its common stock.

**RULE 4. APPORTIONMENT WHEN CURRENT OFFERINGS ARE IN EXCESS OF FACILITIES**

When more Crude Petroleum shall be offered by Shippers to Carrier under its Rules and Regulations Tariff than can be transported at the same time, the transportation furnished by Carrier shall be apportioned among all Shippers equitably.

**RULE 5. APPLICATION OF RATES**

Crude Petroleum accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier.

**RULE 6. LIABILITY OF CARRIER**

Carrier, while in possession of Crude Petroleum described herein, shall not be liable for any loss, damage or delay caused by fire, storm, weather, flood, epidemic, act of God, riot, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of any governmental authority, default of Shipper or Consignee or any other cause not due to the sole negligence of Carrier. In case of loss of any Crude Petroleum from any such causes, after it has been received by Carrier for transportation and before the same has been delivered to the Shipper or its Consignee, such Shipper shall stand a loss in such proportion as the amount of such Shipper's shipment, already delivered to Carrier, bears to all of the Crude Petroleum then in the custody of Carrier, for shipment via the lines or other facilities in which the loss occurs, and such Shipper shall be entitled to have delivered only such portion of such Shipper's shipment as may remain after deduction of such Shipper's due proportion of such loss.

**RULE 7. CRUDE PETROLEUM INVOLVED IN LITIGATION**

Crude Petroleum that is in any way involved in litigation or is encumbered by a lien or charge of any kind may, in Carrier's sole discretion, be rejected for shipment, unless and until the Shipper or its Consignee shall furnish a bond or other form of indemnity satisfactory to Carrier, protecting it against any liability or loss arising as a result of such litigation, lien or charge.

**RULE 8. PAYMENT OF TARIFF CHARGES**

Each Shipper and its Consignee shall be solidarily liable for the payment of all transportation and

other lawful charges accruing to or due Carrier hereunder by such Shipper or its Consignee (including without limitation penalties, interest and late payment charges). All accrued charges are due on delivery of Crude Petroleum by Carrier to such Shipper or its Consignee (or, if such deliver by Carrier is excused, within five [5] days after delivery to Carrier).

Payments not received by Carrier in accordance herewith shall bear interest at the greater of (a) one hundred and twenty-five percent (125%) of the average prime rate (as it may change from time to time) as quoted in the Wall Street Journal (or, if such cannot be determined, eighteen percent [18%] per annum) or (b) the maximum amount allowed by applicable law. Each Shipper and its Consignee shall be responsible to Carrier for any attorney fees or other costs incurred in connection with the collection of payments due to Carrier.

Each Shipper or its Consignee shall pay all applicable transportation and other lawful charges accruing on Crude Petroleum delivered to and accepted by Carrier for shipment, and if required by Carrier, shall pay the same before delivery at destination. Carrier shall have a lien on all Crude Petroleum in its possession belonging to a Shipper or its Consignee to secure the payment of any and all unpaid transportation or other lawful charges that are due Carrier and may withhold such Crude Petroleum from delivery until all unpaid charges shall have been paid. If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this Rules and Regulations Tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Crude Petroleum of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied to the following order: (a) to the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (b) to the satisfaction of the Shipper's indebtedness including interest herein provided from the date of payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto.

#### **RULE 9. CLAIMS, SUITS AND TIME FOR FILING**

As a condition precedent to recovery, a claim must be filed in writing with Carrier within nine (9) months after delivery of shipment, or in case of failure to make delivery, then within nine (9) months after receipt; and suit against Carrier must be instituted only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where a claim is not filed (or a suit is not instituted thereon) in accordance with the foregoing provisions, Carrier shall not be liable and such claim will not be paid.

#### **RULE 10. GAUGING AND TESTING**

Crude Petroleum offered to Carrier for transportation may be measured and tested by a representative of Carrier prior to its receipt from Shipper, but Shipper shall have the right to be

present or represented at the gauging and testing. Upon delivery at final destination, quantities shall be computed from tank tables on a one hundred percent (100%) volume basis or, when agreed upon or used in the industry, may be measured through meters. Volumes thus determined will be corrected as to temperature from observed degrees Fahrenheit to sixty degrees (60°) Fahrenheit. A centrifuge machine, or other methods used in the industry, shall be used for ascertaining the percentage of basic sediment, water or other impurities in the Crude Petroleum and the full amount of basic sediment, water and other impurities thus determined shall be deducted from the corrected volume. Quantities received from each Shipper shall be determined by allocating and dividing among the Shippers from whom Crude Petroleum was received, the amount delivered at final destination in the proportion that the quantity received from each Shipper bears to the total quantity received from all Shippers. Transportation charges shall be assessed on the quantities thus determined. From the net quantities so determined for acceptance, a further deduction of one-quarter of one-percent (0.25%) will be made to cover evaporation and loss during transportation. The balance shall be the net quantities deliverable.

#### **RULE 11. EVIDENCE OF RECEIPTS AND DELIVERIES**

Crude Petroleum received from a Shipper and Crude Petroleum delivered to such Shipper or its Consignee shall, in each instance, be evidenced by tickets showing opening and closing tank gauges or meter readings, as applicable, temperature, basic sediment, water and any other data essential to the determination of quantity. Such tickets shall be jointly signed by representatives of Carrier and the Shipper or its Consignee, as appropriate, and shall constitute full receipt for the Crude Petroleum received or the Crude Petroleum delivered, as applicable. Where meter tickets are not available or in Carrier's opinion, are unreliable, Carrier shall use the best available data to determine the quantity of Crude Petroleum received and delivered.

#### **RULE 12. QUANTITIES DELIVERABLE**

The quantity of Crude Petroleum deliverable at final destination shall be the quantity received at origin, less shrinkage, evaporation or other loss in transit, including leaks and breaks resulting from any cause other than the sole negligence of Carrier and shall be determined in the manner described in Rule 10 above. All such shrinkage, evaporation and gains or losses shall be assigned by Carrier to Shippers on a just and reasonable basis.

#### **RULE 13. ARRANGEMENTS REQUIRED FOR FURTHER TRANSPORTATION**

Carrier may reject Crude Petroleum for transportation if Shipper or its Consignee has not made the necessary arrangements for further shipment beyond.

#### **RULE 14. LINE FILL AND TANK BOTTOM INVENTORY**

Either prior to or after the acceptance of Crude Petroleum for transportation, Carrier will require each Shipper to provide a pro rata part of the volume of Crude Petroleum necessary for pipeline

fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for efficient operation or to safeguard Carrier's tankage during passage of a tropical storm or hurricane. Crude Petroleum provided by a Shipper for this purpose may be withdrawn after reasonable written notice of Shipper's intention to discontinue shipment in the system pursuant to Carrier's applicable tariff or tariffs. Carrier may require advance payment of final transportation charges and settlement of any unpaid accounts receivable, before final delivery will be made.

In the event a Shipper's inventory balance drops below its pro rata part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of the system, then Carrier will require such Shipper to provide the necessary volume to meet its pro rata part of such volume of Crude Petroleum.

In the event that Shipper maintains an inventory balance after Shipper ceases movements on the System or Shipper gives written notice of its intent to cease movements over the System and such Shipper is unable to schedule appropriate shipments to clear the inactive inventory balance, Shipper will be required to settle the inactive inventory balance through Carrier. In the event no such Shipper notice is given, then Carrier may require either an adjustment in Shipper's inventory balance in accordance with the preceding Line Fill and Tank Bottom Inventory provision or settlement of Shipper's inventory balance at any time after Shipper has ceased making movements over the System for a period of six (6) months. Such settlement will be based upon the fair market value of the Crude Petroleum, as published by Platts, at the time Shipper informs Carrier in writing of its intention to discontinue shipments on the System pursuant to Carrier's applicable tariff or tariffs or if no such written notice is given, then at such time as Carrier calls for the settlement of Shipper's inventory balance.

#### **RULE 15. NOMINATIONS**

- A. Applications for transportation of Crude Petroleum shall be submitted in writing on Carriers prescribed nomination of shipment form.
- B. Any Shipper desiring to nominate Crude Petroleum for transportation shall make such nomination to Carrier in writing by email to [nominations@empirepipelinellc.com](mailto:nominations@empirepipelinellc.com) (or such other email address as Carrier may specify) on or before the twenty-fifth (25<sup>th</sup>) day of the month preceding the month during which the transportation under the nomination is to begin; except that, if space is available for current movement, a Shipper may nominate Crude Petroleum for transportation after the twenty-fifth (25<sup>th</sup>) day of the month preceding the month during which the transportation under the nomination is to begin.
- C. Nominations for the transportation of Crude Petroleum on the System shall be consistent with the volume and quality requirements of any downstream Connecting Carrier.



**RULE 16. OFFSHORE PLATFORM FACILITIES AND OPERATING PROCEDURES**

- A. Carrier or its authorized representative shall have access to the platform from which shipments are received for the purpose of examining and checking meters and other installations utilized in connection with the handling of Crude Petroleum injected into the System.
- B. Shippers, upon reasonable request of Carrier, shall install, maintain and operate, or make arrangements with platform owners to install, maintain and operate equipment to inject corrosion inhibitor into the System. The injection of such corrosion inhibitor and the type of inhibitor used shall be subject to the control of Carrier.
- C. Shippers shall provide, or arrange with platform operator to furnish, operate, and maintain such pumping equipment as is necessary to inject the Crude Petroleum nominated by them for shipment or will cause same to be done. Pumping equipment shall be controlled and operated so that the hourly rate at which Crude Petroleum is injected during each month shall not exceed one hundred and twenty percent (120%) of the average hourly volume nominated and accepted for shipment during the current calendar month. If piston pumps are used, surge absorbers shall be installed, upon reasonable request of Carrier, to minimize pulsation. Carrier reserves the right, upon written notification to all Shippers to further limit the variation of Shipper's injection rates, if in Carrier's judgment proration is imminent. Just and reasonable exceptions to variations of injection rates for Shippers with newly discovered, expended production, and unusual production difficulties will be allowed by Carrier.
- D. Physical and legal transfer of custody of Crude Petroleum to Carrier shall be at points where producer's or other delivering parties' pipelines are connected to Carrier's existing System, however, measurement of quantities received for the account of Shippers at such points shall be determined by measurement facilities installed on the production platforms where the Crude Petroleum is produced or to which it is moved for delivery into Carrier's existing System.
- E. Carrier shall have the right to require uniform measurement and sampling equipment/procedures at all installations so that custody transfer measurements are made on a uniform basis. Shippers shall install or cause platform owners to install in accordance with applicable API and ASTM standards metering and meter proving equipment capable of continuous custody measurement, and devices for continuous proportional-to-flow sampling of the Crude Petroleum.
- F. If Crude Petroleum to be nominated to Carriers is produced at some distance from Carrier's System and Carrier does not elect to provide a connection directly to the production platform where it is produced, the Shipper desiring to nominate such Crude Petroleum to Carrier shall furnish, or cause to be furnished, free of cost to Carrier, the

Connecting Carrier required to deliver such Shipper's Crude Petroleum to the location designated by Carrier. If such location is on another producer's platform, all arrangements for installing the Connecting Carrier or other required equipment or facilities on such platform shall be the sole responsibility of the Shipper.

- G. In the event Carrier should decide to transmit meter readings or other data from the platform from which Shipper's Crude Petroleum is run, Shippers will allow, or cause the owner(s) to allow, reasonable access to and use of communication facilities, which may be available at the platform.
- H. The present maximum operating pressures are: 2,140 psi for that portion between East Cameron Block 338 and East Cameron Block 321, and 2,140 psi for that portion between East Cameron Block 321 and Vermilion Block 265.

Shippers' injection pressure shall be maintained within this stated maximum limit and shall conform, as near as possible, to the hydraulic gradient. Carrier reserves the right to reduce the maximum operating pressure by written notice to all Shippers. Shippers shall furnish, or cause the producer from which Crude Petroleum is purchased to furnish, install, calibrate and maintain continuous pressure recording devices at or near injection points to monitor pipeline operating pressures.

Carrier reserves the right to witness calibration of these devices and Shipper shall notify Carrier at least forty-eight (48) hours prior to the initiation of such calibration procedures. Circumstances may arise which in Carrier's judgment require the System be shut down. Following such shut-down periods, Shippers shall obtain authorization from Carrier prior to the resumption of injections.

Shippers who do not operate the wells from which the Crude Petroleum nominated for shipment by them is produced or who do not operate the treating, measurement or pumping equipment through which it is handled prior to its delivery to Carrier shall designate the party or parties responsible for the operation of such facilities and shall authorize and direct such party or parties to (i) comply with all provisions of this Rules and Regulations Tariff related to their operations and (ii) furnish to Carrier such reasonably requested operational, technical, administrative and analytical data as Carrier deems necessary to account for volumes being delivered to Carrier and assure safe, lawful, and efficient operations. If two or more Shippers have an undivided ownership interest in Crude Petroleum nominated for shipment, such Shippers must designate the same operating representative who shall be authorized and directed to perform such functions.

**RULE 17. EXCESS WATER, SEDIMENT AND OTHER IMPURITIES**

If during any Monthly Accounting Period, one or more individual meter tickets covering Crude

Petroleum delivered to Carrier by Shippers reflects a water, sediment and other impurities content which exceeds one percent (1%), Carrier shall assess, and Shipper shall pay to Carrier a treating charge of \$1.15 per barrel of such excess water, sediment and other impurities to cover the treating, separation and disposal of the such excess water, sediment and other impurities delivered to Carrier. Shippers of such excess water, sediment and other impurities shall also pay the applicable transportation rate set out in this Rules and Regulations Tariff.

**RULE 18. INTRA-SYSTEM TRANSFERS**

Intra-system transfers of title to Crude Petroleum in Carrier’s custody will not be recognized by Carrier.

**RULE 19. CHARGE FOR FUND COMPENSATION**

In addition to all other charges accruing on Crude Petroleum accepted for gathering and/or transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any federal, state or local act, regulation or agency for the purpose of providing a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations.

**APPLICATION OF RATE SCHEDULE**

The rates named in this schedule are subject to the rules and regulations named herein and are applicable only on Crude Petroleum transported by the System to Vermilion Block 265, Vermilion Area, Louisiana, for transportation beyond by a pipeline system owned and operated by Crimson Gulf, LLC, which is further subject to their rules and regulations tariff.

ORIGIN	DESTINATION	RATE IN CENTS PER BARREL OF 42 U.S. GALLONS
East Cameron Block 321, Offshore Louisiana	Vermilion Block 265 Offshore Louisiana	134.33
East Cameron Block 330, Offshore Louisiana		151.91
East Cameron Block 338, Offshore Louisiana		151.91
Vermilion Block 299, Offshore Louisiana		111.16