

# Empire Pipeline LLC

## **RULES, REGULATIONS AND RATES TARIFF GOVERNING THE INTRASTATE TRANSPORTATION OF CRUDE PETROLEUM BY PIPELINE**

**FROM POINTS TO POINT IN LOUISIANA**

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Carrier will accept and transport Crude Petroleum through its System only as provided in this tariff, except that specific rules, regulations or rates published in individual tariffs making reference hereto will take precedence over the rules, regulations and rates in this tariff.

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**RULES, REGULATIONS AND RATES****5. Definitions**

“API” means American Petroleum Institute.

“API Gravity” means gravity determined in accordance with ASTM designation and expressed in degrees (°).

“ASTM” means American Society for Testing Materials.

“Barrel” means forty-two (42) United States gallons at sixty degrees Fahrenheit (60°F) and at either (i) zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure or (ii) at equilibrium vapor pressure if the vapor pressure of the Crude Petroleum is greater than atmospheric pressure.

“Carrier” means Empire Pipeline LLC.

“Chevron Line” means the pipeline (owned as of June 1, 2013 by Chevron Pipe Line Company) extending from Main Pass Block 22 (at the downstream redelivery point for Carrier’s System) to the Empire Terminal.

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

“Condensate” means liquid products of oil wells and gas wells resulting from condensation of petroleum hydrocarbons existing initially in gaseous phase in an underground reservoir that are recovered at the surface.

“Connecting Carrier” means a pipeline company with pipeline facilities connecting to the System.

“Consignee” means the party to whom a Shipper has ordered in writing the delivery of Crude Petroleum from the System. Unless specified otherwise in writing, the Consignee of a Shipper shall be the Shipper itself.

“Crude Petroleum” means the direct liquid products of oil wells, Condensate or a mixture thereof from oil or gas wells with a distillation range, quality and general characteristics typical of South Louisiana crude.

“Empire Terminal” means the Crude Petroleum terminal (owned as of June 1, 2013 by Chevron Pipe Line Company) at or near Empire, Louisiana.

“Nomination” means an offer by a Shipper to Carrier of a stated quantity (in Barrels) of Crude Petroleum for transportation from one or more specified points of origin on the System to one or more specified points of destination on the System in accordance with this tariff.

“Receipt” means the transfer from Shipper at origin to Carrier for transportation.

“Shipper” means the entity that originally nominates Crude Petroleum from a reception point listed in this tariff and is responsible to Carrier for all charges and obligations hereunder, except as otherwise noted.

“System” means Carrier’s pipeline system to which this tariff applies.

## **10. Quality of Crude Petroleum**

- A. Crude Petroleum will be accepted for transportation only at such time as Crude Petroleum of the same quality and general characteristics is being transported.
- B. Crude Petroleum tendered to Carrier for transportation must be good merchantable oil of such viscosity, pour point and temperature as will permit its being freely handled and transported under conditions existing in the System.

- C. Crude Petroleum tendered to Carrier for transportation shall not contain any waste oils, lube oils, crankcase oils, PCBs, dioxins, chlorinated and/or oxygenated hydrocarbons, arsenic, lead, naturally occurring radioactive materials or other metals and shall comply with the quality requirements for the Chevron Line and the Empire Terminal.
- D. Carrier reserves the right to reject any Crude Petroleum containing more than one percent (1%) of basic sediment, water and other impurities, having a temperature in excess of one hundred twenty degrees Fahrenheit (120°F), having an API Gravity of less than twenty degrees (20°), having a Reid vapor pressure in excess of 12 pounds per square inch at one hundred degrees Fahrenheit (100°F), having a sulfur content of more than one-half of one percent (0.5%) by weight (as determined by ASTM Method D4294 without centrifuge) or having pour point, viscosity, or other characteristics such that it will not be readily susceptible for transportation through the System (or any Connecting Carrier's facilities), may materially affect or damage the quality of other shipments, may cause disadvantage to other Shippers and/or Carrier or differs materially in quality or other characters from the Common Stream.
- E. Carrier reserves the right to require, approve, reject or prohibit the injection of corrosion inhibitors, viscosity or pour point depressants or other such additives in Crude Petroleum to be transported through the System.
- F. Carrier reserves the right to reject any Crude Petroleum that contains in whole or in part any liquid products (including without limitation natural gasoline, liquid natural gases, liquefied petroleum gases and other indirect liquid products) resulting from operations of natural gasoline recovery plants, gas recycling plants or condensate or distillate recovery equipment. A Shipper tendering any such Crude Petroleum shall give prior written notice of any such Crude Petroleum, and Carrier may impose additional quality requirements and conditions prior to acceptance of any such Crude Petroleum.
- G. If the Common Stream at Carrier's LACT delivery point into a downstream Connecting Carrier has more than one percent (1%) of basic sediment, water and other impurities and results in the Common Stream having to bear a charge associated with such basic sediment, water and other impurities, then the Shipper(s) whose Crude Petroleum had more than such one percent (1%) (the "Subject Shipper(s)") shall be responsible (proportionately on a weighted average basis) for, and liable to the remaining Shipper(s) for, such charge. At the request of any Shipper, Carrier shall have the option, but not the obligation, to collect any such charge from such Subject Shipper(s) and to reimburse such remaining Shipper(s) from the amount collected from such Subject Shipper(s) for such charge. In no event, however, shall Carrier have any liability to any Shipper for any charge imposed by any Connecting Carrier.
- H. Before Carrier will accept Nominations from a new Shipper seeking to transport Crude Petroleum on the System, such Shipper must first provide to Carrier a

complete, industry-accepted laboratory assay of the Crude Petroleum it intends to ship (which assay shall include API Gravity, Reid vapor pressure, pour point, sediment, water and other impurity content, sulfur content, viscosity at one hundred degrees Fahrenheit (100°F) and other characteristics as Carrier may require). Carrier shall have the right to make the assay available to other Shippers upon request. Submission of the assay to Carrier is evidence of consent to release the assay to other Shippers, potential Shippers and Connecting Carriers.

- I. If, upon investigation, Carrier determines that a Shipper has delivered Crude Petroleum that has been contaminated by the existence of and/or with excess amounts of objectionable substances (including without limitation as listed in Item No. 10(C) above), Carrier may exclude such Shipper from transporting Crude Petroleum on 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 delivered into the System. Disposal of such contaminated Crude Petroleum by Carrier may be made in any reasonable commercial manner. Any and all loss, cost, liability or expense for damages that are caused to Carrier, the System or third parties and are related to, resulting from or arising out of such contaminated Crude Petroleum, and any and all loss, cost, attorney's fees, liability or expense incurred by Carrier associated with the disposal of any such contaminated Crude Petroleum, shall be borne by the Shipper introducing such contaminated Crude Petroleum. A Shipper's delivery of Crude Petroleum to the System shall evidence Shipper's agreement to fully indemnify, defend and hold Carrier harmless from any and all such losses, costs, attorney's fees, liabilities and expenses.
- J. Notwithstanding the foregoing, a Shipper who introduces into the System Crude Petroleum that does in any way not comply with the above conditions shall protect, defend and hold harmless Carrier from and against, and shall be liable to Carrier for, all consequences of transportation by Carrier of such Crude Petroleum (including without limitation damages, costs and expenses of disposal and/or treatment; costs and expenses necessary to return the System to service; claims from other Shippers, Connecting Carriers or users of the non-complying Crude Petroleum; and the costs and attorney's fees Carrier may incur in connection with any regulatory or judicial proceeding or any such claims).

## **15. No Storage Services**

Carrier does not furnish storage facilities or storage services for Shippers.

## **20. Nominations**

- A. Any Shipper desiring to nominate Crude Petroleum for transportation hereunder during a calendar month shall on or before the 20th day of the preceding month (the "Nomination Deadline") provide to Carrier, in writing by email to [dee@marksexplorer.com](mailto:dee@marksexplorer.com) (or such other email address or fax number as Carrier

may specify), the following information required by Carrier to schedule and dispatch each shipment of Crude Petroleum: the kind, quantity, origin point, sequence of delivery, destination point and Consignee of each proposed Crude Petroleum shipment.

- B. Nominations or changes in Nominations received after the Nomination Deadline will be accepted only in writing and will be accommodated only if space is available and the additional or changed Nominations do not impair the movement of Crude Petroleum nominated before the Nomination Deadline.
- C. In the event the total Nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be apportioned as set forth in Item No. 80 below.
- D. Nominations for the transportation of Crude Petroleum on the System shall be consistent with the volume and quality requirements of any downstream Connecting Carrier(s).

## **25. Title and Right to Crude Petroleum**

- A. Carrier shall have the right to reject any Crude Petroleum that, when nominated or tendered to Carrier for transportation, may be involved in litigation, may have title in dispute or may be encumbered by a lien, encumbrance or charge of any kind.
- B. By nominating Crude Petroleum to Carrier for transportation, Shipper warrants and guarantees that it has good title thereto and shall indemnify, defend and hold harmless Carrier from and against any and all lost, cost, attorney's fees, liability, damage and expense resulting from failure of title thereof, such litigation or any such lien, encumbrance or charge. Carrier's acceptance of any Crude Petroleum for transportation shall not be deemed a waiver by Carrier of any such provisions or a representation by Carrier as to title or lack of any such litigation, lien, encumbrance or charge.
- C. Before accepting Crude Petroleum from Shipper, Carrier may require Shipper to provide written evidence, satisfactory to Carrier, of Shipper's perfect and unencumbered title and/or require Shipper to furnish an indemnity bond (or other security), acceptable to Shipper, to protect Carrier.

## **30. Gauging, Testing and Deductions**

- A. Crude Petroleum received from Shipper and Crude Petroleum delivered to its Consignee shall, in each instance, be evidenced by Carrier's tickets or Carrier's statements containing data essential to the determination of quantity.
- B. Before, or at the time of, receipt from Shipper, Crude Petroleum shall be measured and tested by representatives of Carrier or by automatic equipment

approved by Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with API standards as determined appropriate by Carrier. Shipper or its Consignee may (at its sole cost, risk and expense) be present or represented during testing, gauging and/or metering; however, failure of a Shipper or Consignee to have a representative present will constitute a waiver, and Shipper and any Consignee shall be bound by the information and data on Carrier's tickets or Carrier's statements created using the testing and measurement results.

- C. The base conditions for the measurement of Crude Petroleum having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows:

Pressure	14.696 psia (101.325 kPa)
Temperature	60.0° F (15.56° C)

For Crude Petroleum having a vapor pressure greater than atmospheric pressure at base temperature, the base pressure shall be the equilibrium vapor pressure at base temperature.

- D. Transportation charges will be assessed on Crude Petroleum converted to the base conditions (gross standard volumes before any deductions as set forth in this Item No. 30). After consideration of all of the factors set forth in this Item No. 30, a net balance will be determined as the quantity deliverable by Carrier to Consignee.
- E. Deductions for the quantities to be delivered out of the System by Carrier to Consignee will be made for the actual amount of non-merchantable quantities (including basic sediment, water and/or other impurities) in Crude Petroleum received by Carrier.
- F. When indirect liquid products are received from pressure vessels using static measurement methods, a further adjustment will be made to cover evacuation losses if a gas blanket at or in excess of the vapor pressure of the liquid is not used.
- G. A deduction of two-tenths of one percent (0.20%) for all Crude Petroleum will be made to cover shrinkage evaporation, interface losses and normal losses during transportation.
- H. Crude Petroleum having an API Gravity of 55 degrees or more shall also be subject to the following additional deductions to cover the shrinkage and incremental evaporation resulting from the mixture of such Crude Petroleum with other Crude Petroleum in the System:

<u>API Gravity</u>	<u>Deductions from Incremental Evaporations and Shrinkage</u>
at least 55° but less than 75°	2.0%
at least 75° but less than 100°	4.0%
100° and above	5.0%

- I. Any volumetric difference between receipts from Shipper and delivery to Shipper or its Consignee will be adjusted without any further liability to Carrier, taking into consideration all prior deductions applied pursuant to this tariff.

### **35. Mixing in Transit (Common Stream)**

- A. Crude Petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity, quality or characteristics while in transit as may result from its mixture with other Crude Petroleum in the System. Carrier shall be under no obligation to make delivery of the identical Crude Petroleum received, but may make delivery out of Common Stock.
- B. When receipts from and/or deliveries to a Connecting Carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection or at interconnections along the same pipeline facilities, Carrier reserves the right, with cooperation of the Connecting Carrier, to offset like volumes of such common stream Crude Petroleum in order to avoid capacity constraints or the unnecessary use of energy that would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further deliveries for Shipper involved from its common stream Crude Petroleum.

### **40. Origin Facilities Required**

- A. Carrier will receive Crude Petroleum from Shippers only at origin points at which Shipper has title and transportation rights.
- B. Shipper shall provide (at its cost, risk and expense) such facilities as are necessary to deliver nominated Crude Petroleum to the System at such pressure and rates as will permit Carrier to transport the Crude Petroleum as scheduled. Carrier will determine and advise producers and Shippers of the size, capacity and operating restrictions of pumps, pipelines, tanks, metering facilities and telecommunications equipment required to be provided by the producer or Shipper at the point of receipt to permit the safe and efficient operation of the System. Carrier will not accept Crude Petroleum for transportation unless such facilities have been designed, constructed, maintained and operated in a manner that meets applicable regulatory and industry standards, is compatible with the System and has been approved by Carrier.
- C. Where Shipper elects to deliver Crude Petroleum to Carrier at point of origin through automatic custody transfer facilities made by meters, Shipper shall also furnish whatever pumping service is necessary to insure that the Crude



Petroleum is delivered to the meter at a pressure in excess of the bubble point of the liquid.

- D. Where Crude Petroleum is received at origin points where custody transfer is determined by hand-gauged tank levels, Carrier may require the installation (at Shipper's expense) of an approved lease automatic custody transfer (LACT) meter for custody transfer measurement. If no such LACT meter is installed and Carrier nonetheless agrees to accept such Crude Petroleum, Shipper will be subject to a surcharge of \$1000 per gauging in addition to all other applicable tariff fees.

#### **45. Destination Facilities Required**

- A. Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory evidence is furnished that Shipper (or its Consignee) has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination.
- B. If Shipper (or its Consignee) is unable or refuses to receive its Crude Petroleum shipment as it arrives at destination, Carrier reserves the right to make whatever arrangements for disposition of such Crude Petroleum it deems appropriate in order to clear the System. Any expense incurred by Carrier in making such arrangements shall be borne solidarily by Shipper and its Consignee, which charges are in addition to any other transportation charges accruing for such Crude Petroleum.

#### **50. Liability of Carrier**

- A. Carrier, while in possession of Crude Petroleum herein described, shall not be liable for any loss thereof, damage thereto or delay, except to the extent that liability therefor is imposed on Carrier by mandatory law. In the case of loss of Crude Petroleum for which Carrier is not responsible, Shipper shall bear the loss. Where such loss occurs to the Common Stream, each Shipper shall bear the loss in such proportion as its total volume in the System bears to the total volume in the System.
- B. If Carrier is unable to accept any Crude Petroleum for any reason, Carrier will not be liable for delay or damages associated with its inability to accept such Crude Petroleum.
- C. If Carrier is required to enforce any provision of this tariff, or is a shipper or consignee breaches any provision of this tariff, Carrier is entitled to recover its reasonable attorneys' fees and costs of collection or enforcement against said shipper or consignee as a consequence of any breach of this tariff.

**55. Inventory Requirements**

- A. Each Shipper shall supply a pro rata share of Crude Petroleum necessary for pipeline fill for efficient operation of the System. Crude Petroleum provided by Shippers for this purpose may be withdrawn from the System after (i) all shipments have ceased, (ii) all Shippers have provided written notice to discontinue shipments in the System on or before the 20th day of the preceding calendar month and (iii) all Shipper balances have been reconciled between Shippers and Carrier. Before making final delivery, Carrier, at its discretion, may require advance payment of (1) transportation charges on the volumes to be cleared from the System and (2) any unpaid accounts receivable. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.
- B. Carrier will calculate an overall monthly volume that is needed for System line fill hereafter referred to as "System inventory", during hurricane season and non-hurricane season. Each month, Carrier will calculate a closing month inventory for each Shipper based on each Shipper's opening month inventory, total receipts, total deliveries and loss allowance.

**60. Duty of Carrier**

- A. Carrier shall not be required to transport Crude Petroleum in time for any particular market, but will use commercially reasonable efforts to transport Crude Petroleum with reasonable diligence and dispatch, considering the quality of the Crude Petroleum, the distance of transportation and other material elements.
- B. Carrier shall have the right to suspend the transportation of Crude Petroleum should Carrier's facilities incur significant damage, destruction or loss caused by weather, accident, extraordinary event or event of force majeure or fault of any Shipper. Carrier shall have the right, in its sole discretion, to make restoration of service contingent upon the implementation by Carrier, and payment by Shippers, of general and/or selective surcharge(s) or fees to recover Carrier's costs of response to such events, the costs for repairing or replacing Carrier's facilities and the costs for making modifications Carrier deems necessary to restore pre-existing or new alternative service.

**65. Payment of Transportation and Other Charges**

- A. Shipper and Consignee shall be solidarily liable for the payment of transportation charges, fees and all other lawful charges accruing to or due Carrier hereunder by Shipper or Consignee (including without limitation penalties, interest and late payment charges). All accrued charges are due on delivery of Crude Petroleum by Carrier to Consignee (or, if delivered by Carrier to Consignee is excused, within five (5) days after delivery to Carrier).

- B. At its discretion, Carrier may require Shipper to pay all estimated obligations in advance or to provide an irrevocable letter of credit (or other security) satisfactory to Carrier for such obligations.
- C. Payments not received by Carrier in accordance herewith shall bear interest at the lesser of (a) 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, 18% per annum) and (b) the maximum amount allowed by applicable law. Shipper and Consignee shall be solidarily responsible to Carrier for any attorney fees or other costs incurred in connection with the collection of payments due to Carrier.
- D. Carrier shall have a lien and privilege on all Crude Petroleum accepted for transportation to secure the payment of all charges hereunder and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days, as computed from the first seven o'clock a.m. after written notice is mailed to Shipper of Carrier's intention to enforce its lien and privilege as herein provided, or when Consignee shall fail to take the Crude Petroleum at the point of destination as provided in Item No. 60 within five days, as computed from the first seven o'clock a.m. after expiration of the notice therein provided, Carrier shall have the right through an agent to sell said Crude Petroleum at public auction, for cash, between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four (24) hours after notice of the time and place of such sale and the quantity, general description and location of the Crude Petroleum to be sold has been published in a daily newspaper of general circulation published in the town or city where sale is to be held, and sent by facsimile or email (or other comparable means) to Shipper and Consignee. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall first pay itself for all transportation, demurrage and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and for all expenses of caring for and maintaining the Crude Petroleum; the balance shall be held for whomsoever may be lawfully entitled thereto. If the proceeds of said sale do not cover all expenses incurred by Carrier, Shipper and Consignee shall be solidarily liable to Carrier for any deficiency.
- F. When gathering services are performed by Carrier, a gathering charge will be made and will be in addition to the transportation rate specified herein.
- G. In addition to all other charges accruing on Crude Petroleum accepted for transportation through the System, a per Barrel charge will be assessed and collected in the amount of any tax, fee or other charge (however denominated) levied against Carrier by any federal, state or local law, order, act, regulation or authority for the receipt, delivery, transfer or transportation of Crude Petroleum or the prevention, containment, cleanup and/or removal of spills (or other damages, including without limitation for fishing gear or oyster fishing) and/or the reimbursement of parties sustaining losses therefrom.

- H. The transportation rates set forth in Item No. 120 below (or in any separate tariff) and all other rates, charges and fees set forth in this tariff shall be increased as of April 1st of each year by the annual change in the Producer Price Index for Finished Goods (as published by the Bureau of Labor Statistics) for the previous calendar year plus 2.65 percent (PPI-FG+2.65).

#### **70. Transfers within the System**

Transfers of title to Crude Petroleum in Carrier's custody will not be recognized by Carrier.

#### **75. Consignment**

- A. A Shipper may consign Crude Petroleum to a Consignee. A Consignee may further consign Crude Petroleum to another Consignee. To do so, Shipper or Consignee must notify Carrier in writing of the specific amount of Crude Petroleum consigned and the name of the Consignee. Carrier shall not recognize any transfer(s) of title of Crude Petroleum to a transferee Consignee while the Crude Petroleum is within the System. Shipper and its Consignee(s) shall be solidarily responsible for all charges, obligations and risk of loss under this tariff.
- B. A Consignee may provide Carrier with one or more Shipper accounts to balance its consignments against, with the written consent of Shipper(s). If Consignee does not or cannot provide Carrier with a Shipper balancing account, Carrier will balance Consignee's consignments on a pro rata basis against the account of each Shipper whose Crude Petroleum has been consigned to Consignee in that month.

#### **80. Apportionment when Nominations Are in Excess of Facilities**

When there shall be nominated to Carrier for transportation, more Crude Petroleum than can be immediately transported, the transportation furnished by Carrier shall be apportioned among all Shippers in proportion to the amounts nominated by each, based on the capacity of the System after allowing for provisions set forth in Item No. 35(B) above. Shippers will be required to submit Nominations by the twentieth (20th) day of the month preceding the month of shipment, and no Nomination shall be considered beyond the amount the party requesting shipment has readily accessible for shipment. If a Shipper fails to deliver for transportation during the month of shipment the volumes so nominated by it, its volumes for the succeeding month may be reduced by the amount of allocated throughput not utilized during the preceding month.

#### **85. Use of Communication Facilities**

Without additional charge, Carrier may transmit messages for Shippers incident to the business hereunder over the private communication facilities of Carrier. But Carrier shall not be obligated to deliver messages, nor shall Carrier be liable for failure of

delivery of messages or for errors or delay in transmission or for interruption of the service.

#### **90. Notice of Claims**

- A. No claim for loss or damage shall be made against Carrier unless made in writing to Carrier (at 2424 Edenborn Avenue, Suite 450, Metairie, Louisiana 70001 or such other address as Carrier may provide) within nine (9) months after delivery of the property, or in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Such claim shall include a full and detailed description of the claim, along with substantiating documentation if available.
- B. Furthermore, no suit at law or in equity shall be maintained against Carrier upon timely made claims unless instituted within two (2) years after delivery of the property, or in case of a failure to make delivery, then within two (2) years after a reasonable time for delivery has elapsed.
- C. Carrier shall be wholly released and discharged from any and all liability for claims not made, or suits not instituted, in accordance with the foregoing provisions.

#### **95. Force Majeure**

Transportation by Carrier shall be excused if and to the extent that such performance is delayed or prevented by any event of force majeure; no liability for damages shall attach against Carrier on account thereof. An event of force majeure shall include strikes, lockouts, difference with workers, fire, lightning, explosion, flood, hurricane, tornado, windstorm, storm, riot, war, rebellion, terrorism, insurrection, act of God or of a public enemy, acts, orders, rules, legislation or regulations of governmental authorities (federal, state or otherwise), lack or delay of supplies or utilities, breakdown, normal inspection and repair periods of the System or Connecting Carriers (including without limitation from normal or unscheduled pipeline turnaround or shutdown) or any other cause beyond the control of Carrier whether similar to or dissimilar from the enumerated causes.

#### **100. Connection Policy**

- A. Separate pipeage and other contracts that are in accord with applicable tariffs and these rules and regulations and cover further details may be required by Carrier before any duty of transportation shall arise.
- B. Connections to the System will be considered only if made by formal written request to Carrier, and all requests will be subject to the following standards and conditions.

- C. All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the System in accordance with generally accepted industry standards. Carrier's acceptance of any request for connection will be subject to compliance with governmental regulations.

#### **105. Application of Rates from/to Intermediate Origin/Destination Points**

- A. For Crude Petroleum accepted for transportation on the System from any point of origin that is not specified in Item No. 120 below (or in another, individual tariff of Carrier) but is intermediate to any published origin and/or destination points for which rates are published, Carrier will apply from such unnamed point the rate published from the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate that will result in the highest charge.
- B. For Crude Petroleum accepted for transportation on the System to any destination point that is not specified in Item No. 120 below (or in another, individual tariff) but is intermediate to any published destination and/or origin points for which rates are published, Carrier will apply to such unnamed point the rate published to the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the highest charge.

#### **110. Gravity Bank**

All Crude Petroleum received into Carrier's System will be delivered into the Chevron Line for further delivery into the Empire Terminal and may be commingled with other Crude Petroleum received into the Chevron Line. A Shipper's delivery of Crude Petroleum into Carrier's System shall evidence such Shipper's agreement to participate in the Empire Terminal gravity bank provided for in Chevron Pipe Line Company's F.E.R.C. Nos. 1143.0.0 and 1147.10.0 tariffs (as either or both may be amended from time to time) based upon the common stream gravity observed at the LACT delivery point from the Chevron Line into the Empire Terminal.

#### **115. Creditworthiness of Shippers**

All prospective Shippers must submit sufficient financial information to establish creditworthiness. If a potential Shipper is not creditworthy or if Shipper's credit deteriorates (in each case as determined by Carrier in its discretion), Carrier may require prepayment of tariff related charges and/or a letter of credit (or other security) from an appropriate financial institution in form and amount acceptable to Carrier.

**120. Transportation Rates**

<b>Origin</b>	<b>Destination</b>	<b>Rate in Cents per Barrel of 42 United States Gallons</b>
Breton Sound Block 2 Platform, Plaquemines Parish	Subsea tie-in to Chevron Line at Main Pass Block 22, Plaquemines Parish	79.00

**125. Consignment Fee**

When operations permit, Carrier will allow consignments as requested by Shipper. A consignment fee of \$200.00 per transaction will be assessed to the transferee of those transactions at Empire Terminal for which a consignment occurs. Examples of such transactions include line transfer to inventory; line transfer to line transfer; and line transfer to custody transfer.

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