

ExxonMobil Pipeline Company LLC

LOCAL AND PROPORTIONAL TARIFF

APPLYING ON CRUDE PETROLEUM

**FROM
POINTS OFFSHORE LOUISIANA**

**TO
POINT IN LOUISIANA**

The rate named in this tariff is for the transportation of crude petroleum by pipeline to destination herein for subsequent transportation beyond, subject to the rules and regulations herein.

This tariff is filed in compliance with 18 CFR §342.3 (Indexing).

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

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RULES AND REGULATIONS

1. DEFINITIONS:

"Crude Petroleum" as used herein, 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.

"Barrel," as used herein, means 42 United States gallons of Crude Petroleum at a temperature of 50 degrees Fahrenheit.

"Carrier," as used herein, means ExxonMobil Pipeline Company LLC.

"API," means American Petroleum Institute.

"ASTM," means American Society for Testing Materials.

"psia," means Pounds per square inch absolute.

2. SPECIFICATIONS AS TO QUALITY AND LEGALITY OF SHIPMENT: Carrier reserves the right to reject any and all of the following shipments:

- A. Crude petroleum whose gravity, viscosity, and/or other characteristics are such that it is not readily susceptible of transportation through the Carrier's existing facilities or will damage Carrier's pipeline facilities while it is being transported.
- B. Crude petroleum whose gravity, viscosity, and/or other characteristics are such that it will damage the quality and/or value of other shipments, unless at the time such crude petroleum is tendered, all Shippers in the pipeline over which the transportation services are to be provided have agreed:
 - (1) to participate in just and reasonable monetary adjustments for differences in the quality or value of the crude petroleum delivered into the pipeline by each Shipper, and that delivered out of the pipeline to each Shipper, Shipper's consignee or a connecting Carrier, and
 - (2) that Carriers may provide to the Administrator of such adjustments such information concerning its receipts from and its deliveries to or for the account of such Shippers as is needed to permit such adjustments to be calculated.
- C. Crude petroleum having a Reid vapor pressure in excess of twelve (12) psia.
- D. Crude petroleum containing basic sediment, water, or other impurities totaling in excess of one per cent as determined by centrifugal test, or by such other tests as may be agreed upon by the Shipper and Carrier.
- E. Crude petroleum as to which the Shipper or Consignee has failed to comply with all applicable and valid laws or rules and regulations made by any governmental authority having jurisdiction.

3. TENDERS:

- A. Applications for the transportation of crude petroleum shall be submitted in writing on Carrier's prescribed tender of shipment form and each tender shall be for a quantity of not less than 10,000 barrels from one Shipper to one Consignee and destination.
- B. Any Shipper desiring to tender crude petroleum for transportation shall make such tender to the Carrier in writing on or before the fifteenth day of the month preceding the month during which the transportation under the tender is to begin; except that, if space is available for current movement, a Shipper may tender crude petroleum for transportation after the fifteenth day of the month preceding the month during which the transportation under the tender is to begin.

4. 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 pipeline.
- 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 pipeline. Carrier will supply inhibitor or reimburse party supplying the required inhibitor. The injection of such corrosion inhibitor and the type of inhibitor used shall be subject to the control of the Carrier.



- C. Shippers shall furnish or arrange with platform owners to furnish pumping equipment necessary to inject its crude petroleum into the pipeline. The Carrier shall have the right to limit and control the maximum pumping rate and scheduled pumping periods for injection into the pipeline. Such pumping equipment shall be sized so that the pumping rate shall not exceed 120% of the average rate required to inject the quantities of crude petroleum scheduled for shipment from the production platform during the schedule period.

Shippers shall provide, or arrange with platform owners to provide one voice communication circuit plus one data communications circuit for each connected platform pumping facility to a point on the microwave system provided or arranged for by Carrier and the necessary transducers and transmission equipment to enable the operator to monitor meter readings and pipeline injection pressure.

- D. Physical and legal transfer of custody of crude petroleum to Carrier shall be at points where producer's or other delivering parties' lines are connected to Carrier's existing facilities, 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 facility.
- E. Shippers shall install or cause platform owners to install in accordance with applicable API and ASTM standards:
- (1) positive displacement metering and meter proving equipment capable of continuous custody measurement, and
 - (2) devices for continuous proportional-to-flow sampling of the crude petroleum. The pipeline Operator 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. If piston pumps are used, surge absorbers or dampers shall be installed upon reasonable request of Carrier to reduce meter pulsation to a minimum.
- 5. RECEIPT, DELIVERY AND IDENTITY, AND SHIPMENTS:** Crude petroleum offered for transportation will be received into the pipelines 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 crude petroleum in the tanks or lines of 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 common stock.
- 6. APPORTIONMENT WHEN CURRENT OFFERING ARE IN EXCESS OF FACILITIES:** When there shall be offered to Carrier more crude petroleum than can be immediately transported, the transportation shall be apportioned among all Shippers in accordance with Carriers "Proration Policy, Lower 48 States Systems" dated August 4, 1999, supplements thereto and reissues thereof which is available on request.
- 7. APPLICATION OF RATES:** Crude petroleum accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier.
- 8. LIABILITY OF CARRIER:** Carrier while in possession of crude petroleum described herein, shall not be liable for any loss thereof; damage thereto; or delay caused by fire, storm, flood, epidemics, Act of God, riots, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war or default of Shipper or Owner. In case of loss of any crude petroleum from any such causes, after it has been received for transportation and before the same has been delivered to Consignee, Shipper shall stand a loss in such proportion as the amount of his shipment, already delivered to Carrier, bears to all of the crude petroleum then in custody of Carrier, for shipment via the lines or other facilities in which the loss or damage occurs, and the Shipper shall be entitled to have delivered only such portion of his shipment as may remain after deduction of his due proportion of such loss.
- 9. CRUDE PETROLEUM INVOLVED IN LITIGATION:** Crude petroleum which is in any way involved in litigation, or which is encumbered by a lien or charge of any kind, will not be accepted for shipment, unless and until the Shipper or 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.
- 10. PAYMENT OF TRANSPORTATION AND OTHER CHARGES:** The Shipper or Consignee shall pay, as provided below, all applicable gathering, transportation, and all other charges accruing on Crude Petroleum handled by Carrier.

All payments are due within 10 days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of (1) 125% of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (2) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.



In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Crude Petroleum in Carrier's possession or prior to Carrier's acceptance of Shipper's Crude Petroleum: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Carrier. In the event, Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

Carrier shall have a lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all gathering, transportation, or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Crude Petroleum in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been paid as provided above.

If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this 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.

- 11. CLAIMS, SUITS, AND TIME FOR FILING:** As a condition precedent to recovery, claims must be filed in writing with Carrier within nine months after delivery of shipment, or, in case of failure to make delivery, then within nine months after a reasonable time for delivery has elapsed; and suits shall be instituted against Carrier only within two years and one 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 claims are not filed or suits are not instituted thereon, in accordance with the foregoing provisions. Carrier shall not be liable and such claims will not be paid.
- 12. GAUGING AND TESTING:** Crude petroleum tendered to Carrier for transportation shall be gauged and tested by a representative of Carrier prior to or at time of its receipt from the Shipper, but the Shipper shall have the privilege of being present or represented at the gauging and testing. All shipments of required specifications will be received and delivered with volume corrected as to temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit. A centrifuge machine, or other methods agreed upon, shall be used for ascertaining the percentage of basic sediment, water and other impurities in the shipment and the full amount of basic sediment, water and other impurities, thus determined, shall be deducted from the corrected volume.
- 13. DEDUCTIONS AND QUANTITIES DELIVERABLE:**

A. All shipments of crude petroleum of 50 degrees or above shall be subject to a deduction to cover the shrinkage resulting from the mixture thereof, in the facilities of ExxonMobil Pipeline Company LLC, with crude petroleum of API gravity of 49.9 degrees or less according to the following table:

<u>A.P.I. Gravity</u>	<u>Deduction</u>
50° through 59.9°	1%
60° through 74.9°	2%
75° through 84.9°	3%
85° through 94.9°	4%
95° through 104.9°	5%
105° through 120.9°	6%

B. The quantities deliverable by Carrier shall be the net corrected volume, as outlined in Item No. 12, less five one-hundredths of one percent (.05%) for losses during transportation and less the applicable deduction for shrinkage. Transportation charges will be assessed on the net balance thus reduced.



- 14. EVIDENCE OF RECEIPTS AND DELIVERIES:** Crude petroleum received from the Shipper and crude petroleum delivered to the Consignee shall, in each instance, be evidenced by tickets, showing opening and closing meter readings, temperature, basic sediment and water, and any other data essential to the determination of quantity and quality. Such tickets shall be jointly signed by representatives of Carrier and the Shipper or Consignee, as appropriate, and shall constitute full receipt for (a) the crude petroleum received; (b) the crude petroleum delivered.
- 15. ARRANGEMENTS REQUIRED FOR FURTHER TRANSPORTATION:** The Carrier will accept crude petroleum for transportation only when the Shipper or Consignee has made the necessary arrangements for further shipment beyond.
- 16. LINE FILL AND TANK BOTTOM INVENTORY:** Either prior to or after the acceptance of Petroleum for transportation through the System, Carrier will require each Shipper to provide a pro rata part of the Volume of Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of the System or to safeguard Carrier's tankage during passage of a tropical storm or hurricane. 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 the Shipper's inventory balance at any time after Shipper has ceased making movements over the system for a period of six 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 the Shipper's inventory balance.

- 17. QUALITY BANK:** Shippers will be required, as a condition of tendering, to participate in a Quality Bank set forth in Carrier's FERC Tariff No. 407.2.0, supplements thereto, and successive reissues thereof, which is incorporated herein by reference. Adjustment payments in Item No. 17 are not a part of Carrier's transportation tariff rates and such shall not be an offset or other claim by any Shipper against sums due Carrier for transportation fees, dues, or collected under Carrier's tariffs.

Table of Rates from Established Louisiana Offshore Reception Points to CAILLOU ISLAND (Terrebonne Parish) Louisiana.

FROM	RATE IN CENTS PER BARREL OF 42 U. S. GALLONS
South Marsh Island Area	[I] <u>110.55</u> 409.17
Eugene Island Area	[I] <u>110.55</u> 409.17
Ship Shoal Area	[I] <u>110.55</u> 409.17
South Pelto Area	[I] <u>110.55</u> 409.17

EXPLANATION OF REFERENCE MARKS

[I] Increase
