

ExxonMobil Pipeline Company

**LOCAL AND PROPORTIONAL TARIFF
CONTAINING ANNUAL VOLUME RATES
AND PUMPING CHARGE
APPLYING ON
PRODUCTS**

**FROM
BAYTOWN, TEXAS**

**TO
PASADENA, TEXAS**

The rates named in this tariff are for the transportation of products by pipeline to destination named herein, for subsequent transportation beyond, subject to the rules and regulations published herein.

This tariff is filed in compliance with 18 CFR 342.3

The provisions 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.**

"Products," as used herein, means motor fuels, kerosenes, distillate fuels, and aviation fuels.

"Barrel," as used herein, means 42 United States gallons of Products at a temperature of 60 degrees Fahrenheit.

"Carrier," as used herein, means ExxonMobil Pipeline Company (EMPCo).

- 2. TANKAGE FACILITIES:** Carrier will provide working tankage that is incident and necessary to the transportation of Products, but does not provide or offer storage service. Shipments will be accepted for transportation only from tankage provided by shipper at established receiving points for delivery to connecting carriers.
- 3. MINIMUM TENDERS:** Minimum tender quantity for each grade of product accepted for shipment will be 10,000 barrels each, or such larger quantity as may be required by any connecting carrier into which ExxonMobil Pipeline Company delivers at Pasadena for further movement.
- 4. APPORTIONMENT WHEN CURRENT OFFERINGS ARE IN EXCESS OF FACILITIES:** When there shall be tendered to Carrier for transportation greater quantities than can be immediately transported, the transportation shall be apportioned among all shippers in proportion to the amounts tendered by each; provided that no tender for transportation shall be considered beyond the amount which the shipper requesting the shipment has on hand available and ready for shipment. Carrier shall be considered as a shipper of quantities tendered by itself and held for shipment through its lines, and its shipment shall be entitled to participate ratably in such apportionment. When such apportionment becomes necessary, it shall be performed in accordance with Carriers "Proration Procedures, Lower 48 States Systems," dated August 4, 1999, supplements thereto and reissues thereof which is available upon request.
- 5. PRODUCT INVOLVED IN LITIGATION.** When any product tendered for transportation hereunder is involved in litigation, or when the ownership thereof may be in dispute, or may be encumbered by a lien or charge of any kind, Carrier may require of shippers an indemnity bond to protect it against all loss.
- 6. 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 Products 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 Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (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 Products 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 Products to Shipper. Such lien shall extend to all Products 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 Products 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 Products 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.

7. **MEASURING, TESTING, AND DEDUCTIONS:** All shipments tendered Carrier for transportation shall be measured and tested by a representative of Carrier prior to, or at the time of receipt from the shipper; but the shipper shall at all times have the privilege of being present or represented at the measuring and testing. Quantities shall be corrected as to temperature from observed temperatures of 60° Fahrenheit. Full deduction will be made for all water and other impurities in product received or delivered.
8. **IDENTITY OF SHIPMENTS TENDERED:** While Carrier will use due diligence to transport product received hereunder to destination with a minimum of contamination and mixing and will endeavor to maintain the identity of each shipment so far as is practicable, some contamination and mixing of Products of the several specifications received is unavoidable. Carrier shall, therefore, be under no obligation to make delivery of the identical product received, but may make delivery of product of approximately the same specifications as that received. Carrier will not be liable for discoloration, commingling, contamination, or deterioration of Products resulting from the normal operation of batching various kinds of Products.
9. **LIABILITY OF CARRIER:** No risk of fire, storm, flood or act of God, and no risk resulting from explosion, strikes, sabotage, riots, insurrection, rebellion, war or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, or act or default of the shipper or owner from any other cause not due to negligence of Carrier shall be borne by the Carrier, nor shall any liability accrue to it for any damage or delay thereby occasioned. Losses not due to the negligence of Carrier will be allocated to the shippers as provided in Item 10 of this rule.

Statements of losses, ascertained and computed by Carrier's standard accounting procedure, are to be accepted by shipper as prima facie correct in the distribution of such losses under this rule.

The Carrier will be obligated to deliver only that portion of such Products remaining after deducting shipper's proportion of such losses determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.

- 10. DELIVERY ADJUSTMENT:** The Carrier shall account to each shipper for 100 percent of Products received. Any overages or shortages not due to the negligence of the Carrier, including losses for shrinkage, evaporation, and interface of commingled Products, in any calendar month, will be allocated on a monthly accrual basis among the shippers in the proportion that the total number of barrels delivered from the entire system for each shipper bears to the total number of barrels delivered from the entire system for all shippers.

It is inherent in the operation of a Products pipeline that an interface of commingled Products will occur between shipments of different Products. Carrier will make reasonable effort to hold such commingled interfaces to a minimum.

Carrier will dispose of such commingled product in the following manner:

- A. The interface of commingled Products occurring between Products having similar basic physical characteristics (compatible interface) will be completely disposed of in the shipment either preceding or following the interface or will be divided between the shipments preceding and following the interface.
- B. The interface of commingled Products occurring between Products having dissimilar basic physical characteristics, which commingled product cannot be readily absorbed into the shipments immediately preceding and following the interface (noncompatible interface) shall be retained in the system and delivered into utility tankage at Carrier's Pasadena Station. The total of such noncompatible interface material accrued will be delivered back to the shippers direct by (1) blending during future deliveries of each shipper's Products, (2) loading into transports provided by each shipper, or (3) will be sold on a bid or contractual basis for the account of the shippers, each shipper to be credited with its proportionate share of the net proceeds of the sale, less transportation and any other applicable charges, and Carrier will settle with shipper as provided in this item.
- 11. NOTICE OF CLAIMS:** Notice of claims for loss, damage or delay in connection with shipments must be made in writing to Carrier within ninety-one (91) days after such shall have accrued; or in case of failure to make delivery, within ninety-one (91) days after a reasonable time shall have elapsed.
- 12. RATES TO INTERMEDIATE POINTS:** For shipments accepted for transportation to any point not named in this tariff which is intermediate to a point from which rates are published herein, through such unnamed point, this Carrier will apply to such unnamed point the rate published herein to the next more distant point specified in the tariff.
- 13. LINE FILL AND TANK BOTTOM INVENTORY:** Either prior to or after the acceptance of Products for transportation through the system, Carrier will require each shipper to provide a pro rata part of the volume of Products 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. Products 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 Products 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 Products.

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 Products, 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.

TABLE OF RATES

RATES IN CENTS PER BARREL OF 42 UNITED STATES GALLONS

ORIGIN	DESTINATION	ANNUAL VOLUME	RATE	RATE TYPE
Baytown (Harris County)	Pasadena [+] (Harris County)	First 45,625,000 Barrels (125 kBD)	[I] 34.70	Rate A
		All over 45,625,000 Barrels (over 125 kBD)	[I] 17.19	Rate B

TERMS:

1. The term "Annual Volume" is defined as volume from any one shipper received at Reception Point in a Calendar Year.
2. Rate A will be applied to the first 45,625,000 barrels shipped in the Calendar Year, and Rate B will be applied to all barrels shipped in excess of 45,625,000 barrels in the Calendar Year.

EXPLANATION OF REFERENCE MARKS

[I] Increase

[+] A pumping charge of **[I]** four and eighty six-hundredths cents (4.86¢) per barrel will be applied on deliveries to Shell Oil Products US, Kinder Morgan Liquids Terminal LLC, Magellan Terminals Holding LP, and Phillips Pipeline Company at Pasadena (Harris County), Texas. The pumping charge will be in addition to transportation rate noted above.