

VALERO PARTNERS PAPS, LLC

RULES AND REGULATIONS TARIFF
GOVERNING THE TRANSPORTATION OF

PETROLEUM PRODUCTS
(As Defined Herein)

BY PIPELINE BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

GENERAL APPLICATION

Carrier will accept and transport Petroleum Products offered for transportation through Carrier's Facilities only as provided in this Rules and Regulations Tariff. Specific rules and regulations published in individual tariffs will take precedence over the general rules and regulations published in this tariff.

The Rules and Regulations, published herein, apply only under tariffs making specific reference by F.E.R.C. Numbers to this tariff; such reference will include supplements thereto and successive issues hereof.

~~[C] Filed under the authority of 18 C.F.R. 341.6.~~

~~The rules and regulations of The Premcor Pipeline Co. F.E.R.C. 45.0.0 have been adopted and brought forward unchanged, unless otherwise noted herein.~~

~~To the extent necessary, issued on less than one (1) day's notice under authority of 18 C.F.R. 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.~~

~~[N] Filed under the authority of 18 C.F.R. 341.3(b)(6).~~

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

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EXPLANATION OF TERMS AND ABBREVIATIONS

Terms and Abbreviations	Explanations
API	American Petroleum Institute.
ASTM	American Society for Testing Materials.
Barrell	Forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit at equilibrium pressure. All barrels shall have a vapor pressure above atmospheric pressure.
Batch	Volume of Petroleum Product moved through Carrier's system as an identifiable unit.
Carrier	Valero Partners PAPS, LLC
Consignee	Party, including a connecting pipeline system, to whom Shipper has ordered Delivery of Petroleum Product.

°	Degrees.
Delivery	Transfer from Carrier at destination point to Shipper's or Consignee's facilities.
Petroleum Products	Gasoline and petroleum oil distillates as further described under specifications and restrictions herein.
Receipt	Transfer from Shipper at origin point to Carrier for transportation.
Shipper	Party who contracts with carrier for the transportation of Petroleum Products under the terms of this tariff.
Tender	Written designation by Shipper to the Carrier of an approximate quantity of Petroleum for transportation from a specified origin point(s) to a specified destination point(s) over period of one operating month in accordance with these rules and regulations.

Rules and Regulations

- 1 Specifications and Restrictions (a) Petroleum Products will not be accepted for transportation hereunder unless such products are free from water and other impurities; have a color not darker than No. 3 ASTM (Except that gasolines to which artificial coloring has been added will be accepted for transportation regardless of color); have vapor pressure not more than fifteen (15) pounds absolute at one-hundred degrees (100°) Fahrenheit; have an API gravity at sixty degrees (60°) Fahrenheit of not less than twenty-nine degrees (29°) and not more than eighty degrees (80°); and have a viscosity not more than forty (40) seconds Saybolt Universal at one-hundred degrees (100°) Fahrenheit.
- (b) Shipper shall furnish to carrier certified laboratory reports showing the results of tests of the Petroleum Products offered for transportation. Carrier may also make such test of the Petroleum Products as it deems necessary, but in the event of variance between Shipper's report and Carrier's test, Carrier's test shall prevail.
- (c) Carrier reserved the right to require, approve, or reject the injection of corrosion inhibitors, viscosity or pour point depressants or other such additives in the Petroleum Products to be transported.
- 2 Tenders Any Shipper desiring to tender Petroleum Products for transportation hereunder, shall on or before the **[C]** 15th **[N]** 25th day of the calendar month, place a notice in writing of the Petroleum Products to be tendered during the following calendar month, including product type, quantity, destination(s), and the date of each Delivery, to Carrier. **[N]** Carrier may waive this requirement on a non-discriminatory basis if reasonably commercially feasible. Unless such notification is made, Carrier shall be under no obligation to accept Petroleum Products for transportation.
- 3 Minimum Batch Petroleum Products shall be accepted for transportation in quantities of not less than five thousand (5,000) Barrels of similar quality and color from one Shipper. **[N]** Carrier may waive this requirement on a non-discriminatory basis if reasonably commercially feasible.
- 4 Minimum Delivery Delivery will be made in whole or in part at destinations along Carrier's lines subject to be rates applicable to the destinations of actual delivery. No Delivery of less than five thousand (5,000) tendered Barrels of Petroleum Products of a given quality and color will be made at any of the destination **[W]** point(s) ~~pints(s)~~ along Carrier's line. **[N]** Carrier may waive this requirement on a non-discriminatory basis if reasonably commercially feasible.

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| 5 | Origins and Destinations Facilities | Petroleum Products will be accepted for transportation only when the Shipper has provided the necessary equipment and facilities, including storage facilities, meeting industry standards at both the origin and destination points. Carrier will require satisfactory evidence that the necessary facilities are available for delivering shipments to origin point and for the prompt receiving of shipments of destination before Carrier is obligation to accept Petroleum Products for transportation. |
| 6 | Measurement | All shipments tendered to the Carrier for transportation shall be tested, gauged or metered by a representative [N] or <u>designee</u> of Carrier prior to, or at the time of Receipt or Delivery. The Shipper or Consignee shall at all times have the privilege of being present or represented during the testing, gauging or metering. Quantities shall be corrected as to temperature from-observed-temperature to sixty degrees (60°) Fahrenheit basis by use of applicable API-ASTM volume correction factor tables. The corrected balance at sixty degrees (60°) Fahrenheit will be the quantity deliverable by the Carrier. |
| 7 | Adjustment and Net Quantities Deliverable | [C] No adjustment will be made to Petroleum Products quantities deliverable for inherent system losses or gains, including but not limited to, shrinkage, evaporation, and measurement error. However, to ensure that Shippers are kept whole, actual overages and shortages shall be settled monthly on a per barrel basis. When Shipper is delivered quantities in excess of quantities received into the system, Shipper will be invoiced for the over delivery by the Carrier. When the Shipper is delivered quantities short of quantities received into the system, the Carrier will pay the Shipper for the shortage. Payment will be based on the value of the Petroleum Products as quoted in Platt's Oilgram Price Service, or other industry accepted price service selected by the Carrier. [N] A deduction of up to 0.2% may be made on a non-discriminatory basis to cover evaporation and other losses during transportation, and the balance will be the net quantities deliverable. The net balance after all deductions will be the quantity the Carrier is obligated to deliver to the Shipper or Consignee. |
| 8 | Duties of Carrier/Identity of Petroleum | <p>(a) Petroleum Products will be accepted for transportation upon the condition that the Carrier, while holding Products in custody, will use due diligence to transport same to destinations with a minimum amount of contaminations and that it shall be subject to such changes in gravity, quality or characteristics while in transit as may result from the mixture with other Petroleum Products. Carrier will not be liable for discoloration, contamination or deterioration of Petroleum Products transported hereunder.</p> <p>(b) Subject to the foregoing, Carrier will use its best efforts to maintain the identity of individual shipments of Petroleum Products. However, in view of the impracticability of maintaining the exact identity of shipments at all times, the Carrier reserves the right at any time to substitute and deliver a product of the same kinds as the commodity shipped.</p> |
| 9 | Clear Title Required | When any Petroleum Products tendered for transportation are involved in litigation, disputed ownership, or encumbrance by lieu or charge of any kind, Shipper shall so advise Carrier in writing; Carrier will refuse to accept Receipt, of such Petroleum Products or will require of the Shipper or Shippers an indemnity bond to protect Carrier against any and all loss. |
| 10 | Deliveries Tenders | Carrier will transport Petroleum Products with reasonable diligence, considering the quality of the Petroleum Products, the distance of transportation and other material elements, but may at any time after Receipt of a consignment of Petroleum Products, upon twenty-four (24) hours notice to the Consignee, tender Petroleum Products, conformable to specifications herein, for Delivery from its common stock at the point of destination. |

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| 11 | Diversion or Reconsignment | Diversion or reconsignment may be made without charge if requested by Shipper at least forty-eight (48) hours prior to scheduled arrival at original destination point, subject to the rates, rules, and regulations applicable from origin point to final destination point, upon condition that no out-of-line or backhaul movement will be made. |
| 12 | Rates Applicable | Petroleum Products transported shall be subject to rates in effect on the date such Petroleum Products are received by the Carrier. |
| 13 | Payment of Transportation and Other Charges | Transportation charges will be computed and collected at the applicable tariff rate on the quantity of deliverable Petroleum Products determined pursuant to these Rules and Regulations. Shipper shall be responsible for all charges applicable to the particular shipment and if required by Carrier, shall prepay all charges or furnish guaranty of payment satisfactory to Carrier. Carrier shall have a security interest in all Petroleum Products accepted from Shipper under this tariff. This security interest shall secure: (1) All transportation and any other charges due or to become due from Shipper under the terms of this tariff; and (2) All costs and expense [W] of Carrier in exercising any of its rights detailed below, including, but not limited to, reasonable attorneys fees, storage charges and settlement of conflicting liens. The security interest provided herein shall be in addition to any lien obligation to Carrier, Carrier shall have all of the rights and remedies accorded a secured party under applicable State law and in addition may in its sole discretion and without notice take any or all of the following actions: (1) Refuse to deliver Petroleum Products in its custody until all such obligations have been paid; (2) Proceed to sell such Petroleum Products, in accordance with the applicable provisions of the state law, and apply the proceeds to such obligations; (3) Store such Petroleum Products or contract for storage of such products pending sale or other disposition; or (4) Take any other action it deems necessary for the proper protection and sale of such Petroleum Products. |
| 14 | Proration | <p>a) As used in Item 14, the following additional definitions shall apply:</p> <p>“Proration Month” is the calendar month for which space is being allocated.</p> <p>“Calculation Month” is the calendar month just preceding the “Proration Month,” during which allocations for the proration month will be determined.</p> <p>“Base Period” is the 12-calendar month period just preceding the calculation month. Individual months within the base period are designated by Nos. 1 through 12 with “Month 1” being the most recent base period month and “Month 12” being the oldest base period month.</p> <p>A “New Shipper” is any Shipper who is not a Regular Shipper.</p> <p>A “Regular Shipper” is any Shipper who had a record of movements in any one of Months 4 through 12.</p> <p>“Base Shipments” are the average monthly movements over a line segment by a Regular Shipper during the Base Period. Base Shipments will be calculated by dividing the total movements by a Regular Shipper during the Base Period by the lesser of (a) 12, or (b) the number of the Base Period month within which the Regular Shipper first shipped product on the line segment to be prorated.</p> |

- b) If it appears to Carrier that it will be necessary to allocate pipeline space for an extended period of time, Carrier may request Shippers to furnish in writing monthly forecasts of volumes to be shipped during the forward 24-calendar months. Carrier will carefully examine all forecasts using every means available to ensure that they are true and realistic and will challenge any forecasts which appear to be inflated.
- c) When forecast volumes for any month exceed the capacity in any line segment of the Carrier's systems, space shall be allocated among Shippers in that segment by the following procedure:
 - 1) The forecast volumes for each Regular Shipper and each New Shipper shall be totaled and divided into the line capacity. The resultant fraction will be the "proration factor."
 - 2) Each New Shipper shall be allocated space equal to its forecast volumes multiplied by the "proration factor."
 - 3) The remaining capacity shall be allocated among Regular Shippers in proportion to their Base Shipments.
 - 4) In the event any Shipper(s) is (are) allocated more capacity than its (their) forecast requirement the excess of its (their) allocation(s) over its (their) forecast(s) will be reallocated among all other Shippers in proportion to their unsatisfied requirements (i.e., each Shipper's forecast minus initial allocation).
 - ~~[C] 5) For pipelines which normally ship gasolines, and for pipelines which normally ship both gasolines and diesel fuels in calculating Shippers' space, a product other than gasoline will be converted to its "gasoline equivalent" to recognize the differing pumping characteristics of such products as compared to gasoline. Jet fuels will be converted to gasoline equivalent barrels by dividing by a factor of 0.8, diesel fuels by 0.75 and more viscous products such as gas oil, by a factor of Each previous 12 month period volume will be converted to gasoline equivalent barrels and all allocated pipeline capacity will be in terms of gasoline equivalent barrels.~~
 - ~~6) For pipelines which normally ship diesel fuels, a product other than diesel fuel will be converted to its "diesel equivalent." Gasoline will be converted to diesel equivalent barrels by multiplying by a factor of 0.75, Jet Fuels by 0.94, and gas oils by 1.25.~~
- d) To penalize inflation of Shippers' nominations, a Shipper's space allocation for the next proration month will be reduced by the amount of allocated throughput not shipped in the month preceding the calculation month.
- e) Space allocated to a Shipper may neither be assigned to nor used for the benefit of another Shipper. Upon request of Carrier, a responsible official of a Shipper's company may be required to give assurances to Carrier that this provision has not been violated. In violations shall be reduced by the amount of the unauthorized space obtained; the reduction being effective for the next (one) month of proration for which pipeline capacity has not previously been allocated.

15 Liability of Parties

- (a) As a condition to Carrier's acceptance of Petroleum Products under this tariff, each Shipper agrees to protect and indemnify Carrier against claims or actions for injury and-for death of any and all persons whomever and for damage to

property of Carrier, Shipper, Consignee and/or any third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and 2) the negligent act(s) or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with Delivery or Receipt of Petroleum Products.

(b) Carrier shall not be liable for any loss of Petroleum Products, damage thereto, or delay, because of any act of God, the public enemy, civil disorder, quarantine, the authority of laws, strikes, riots, fire, floods or the acts of default of Shipper or Consignee, or from any other causes not due to the sole negligence of Carrier. In case of loss or damage from cruises other than the sole negligence of Carrier, such loss or damage shall be charged proportionately to each shipment in the ratio that such shipment, or portion thereof, received and undelivered at the time the loss or damage occurs, bears to the total of all shipments or portions thereof, then in custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs. Consignee shall be entitled to receive only that portion of his shipment remaining after deducting his proportion of such loss or damage, determined as aforesaid, and shall be required to pay transportation charges only on the quantity delivered.

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| 16 | Application of Rates to Intermediate Points | For Petroleum Products accepted for transportation to any point on Carrier's lines not named in the individual tariffs which is intermediate to any point for which rates are published herein, Carrier will apply to such unnamed point the rate published herein from the next more distant point specified in the tariff.
In accordance with 18 C.F.R. § 341.10, Carrier will file a tariff applicable to such transportation movements within 30 days of the start of the service if the intermediate point is to be used on a continuous basis for more than 30 days. |
| 17 | Intrasystem Changes in Ownership | No transfers of ownership by Shipper of Petroleum in Carrier's custody will be recognized or recorded by the Carrier. |
| 18 | [W] <u>Notice of Claims</u>
Intrasystem changes in Ownership | As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) months after delivery of the Petroleum Products, or, in the case of failure to make Delivery, then within nine (9) months after a reasonable time for Delivery has elapsed; and suits shall be instituted against Carrier 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. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier will not be liable. |
| 19 | Connection Policy | Connections to Carrier's pipeline(s) will only be considered if made by formal written notification to Carrier and all requests will be subject to the following standards and conditions. All connection will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any requests for connection will be subject to compliance with governmental regulations. |

EXPLANATION OF REFERENCE MARKS

- [W] Change in wording only
- [C] Cancel
- [N] New