

VALERO PARTNERS WEST TEXAS, LLC

**RULES AND REGULATIONS TARIFF
GOVERNING THE TRANSPORTATION OF**

**RECEIVED
R.R.C. OF TEXAS**

**CRUDE PETROLEUM
(As Defined Herein)**

SEP 14 2018

Operated by Valero Partners West Texas, LLC

**GAS SERVICES DIVISION
AUSTIN, TEXAS**

BY PIPELINE BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

GENERAL APPLICATION

Carrier will accept and transport Crude Petroleum 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 Texas Railroad Commission Numbers to this tariff; such reference will include supplements thereto and successive issues hereof.

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

ISSUED: September 14, 2018

EFFECTIVE: September 15, 2018

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RULES AND REGULATIONS

Carrier will accept and transport Crude Petroleum (as defined below) for transportation through Carrier's facilities from the points of origin to the point of destination named in this tariff, subject to the following rules and regulations:

Rule 1. DEFINITIONS:

- a. "Carrier" means Valero Partners West Texas, LLC.
- b. "Crude Petroleum" means direct liquid products of oil wells, condensate or a mixture thereof.
- c. "Barrel" means forty-two (42) United States gallons liquid volume at sixty degrees Fahrenheit (60° F.) and equilibrium vapor pressure.
- d. "Shipper" means the party who contracts with Carrier for transportation of Crude Petroleum under the terms of this tariff.
- e. "Consignee" means anyone to whom custody is to be given, at the specific instructions of a Shipper, when Crude Petroleum is delivered out of Carrier's facilities.

Rule 2. TENDERS:

Any Shipper desiring to tender Crude Petroleum for transportation hereunder, shall on or before the 15th day of the calendar month, place a notice in writing of the Crude Petroleum to be tendered during the following calendar month, including product type, quantity, destination(s), and the date of each delivery to Carrier. Unless such notification is made, Carrier shall be under no obligation to accept Crude Petroleum for transportation.

Crude Petroleum will be accepted for transportation under this tariff in tenders of not less than ten thousand (10,000) Barrels from one Shipper consigned to one Consignee at the destination point. Crude Petroleum so tendered for gathering and pipe line transportation will be received as currently available providing the total within a thirty (30) day period is not less than ten thousand (10,000) barrels.

Rule 3. APPORTIONMENT WHEN TENDERS ARE IN EXCESS OF FACILITIES:

As used in Rule 3, the following additional definitions shall apply:

"Base Period" is the 12-calendar month period immediately 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.

"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 volume of Crude Petroleum shipped by a Regular Shipper by the lesser of (a) 12, or (b) the number of Base Period months within which the Regular Shipper first shipped product on the line segment to be prorated.

"Calculation Month" is the calendar month immediately preceding the "Proration Month," during which allocations for the Proration Month will be determined.

"Committed Shipper" is any Shipper who has committed to ship at least 75,000 Barrels per day on average, for at least 10 years.

"New Shipper" is any Shipper who is not a Committed Shipper and who has no line history within the Base Period.

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"Proration Month" is the calendar month for which space is being allocated.

"Regular Shipper" is a Shipper who has line history in the Base Period.

- a) If it appears to Carrier that it will be necessary to allocate pipeline space, Carrier may request Shippers to furnish in writing monthly forecasts of volumes to be shipped during the forward 12-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.
- b) When forecast volumes for any month exceed the capacity in any line segment of the Carrier's system, space shall be allocated among Shippers in that segment by the following procedure:
 - 1) New Shippers may not be allocated more than 5% of the total line space initially.
 - 2) Each New Shipper shall be initially allocated space under the 5% cap in proportion to their forecasted requirements.
 - 3) Each Committed Shipper shall be allocated 75,000 Barrels per day on average (or such Committed Shipper's forecasted requirements, whichever are lower).
 - 4) The remaining capacity shall be allocated among Regular Shippers in proportion to their Base Shipments.
 - 5) Any remaining capacity shall be allocated among the New Shippers in proportion to their unsatisfied forecasted requirements.
- c) 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.
- d) 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 the event this provision is violated, the allocated space for all Shippers involved in the violation 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.

Rule 4. GAUGING, TESTING AND DEDUCTIONS:

Crude Petroleum tendered to Carrier shall be gauged and tested by Carrier's representative prior to its receipt from Shipper, but Shipper may be present or represented at the gauging and testing. Quantities will be computed from regularly compiled tank tables on a one hundred per cent (100%) volume basis and shall show the gross volume at the observed fluid temperature. Corrections will be made for temperatures from observed degrees Fahrenheit to 60°F. Full deduction will be made for basic sediment, water and other impurities, as ascertained by the centrifugal or other test used by Carrier. A further deduction of one per cent (1%) may be made for evaporation and other unavoidable loss incident to the transportation by pipe line. The net corrected balance at 60° F. will be the quantity deliverable to the Consignee and upon which transportation charges will be assessed.

Rule 5. ORIGIN AND DESTINATION FACILITIES REQUIRED:

Tenders of Crude Petroleum will be accepted 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 at the origin and destination points prior to accepting tendered Crude Petroleum for transportation.

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Rule 6. NOTICE OF ARRIVAL AND DEMURRAGE CHARGES:

Delivery of Crude Petroleum may be made upon twenty-four (24) hours' notice to the Shipper or Consignee who shall immediately receive, at the pipeline's normal pumping rate, said Crude Petroleum into tanks to be provided by the Shipper or Consignee. After the expiration of 24 hours' notice from Carrier, a demurrage charge of one cent (1¢) per Barrel will accrue on all Crude Petroleum not received by the Consignee for each delay of 24 hours, or fractional part thereof, until said Crude Petroleum is received.

Rule 7. DELIVERIES AT DESTINATION:

Deliveries will be made only into Consignee's tanks at the destination point without any additional delivery charge, provided such tanks are located on Carrier's pipe line. Upon failure by a Consignee promptly to take Crude Petroleum at the destination point, or upon failure to pay any charge due Carrier, such Crude Petroleum may be sold by Carrier, or its representatives, at public auction for cash at Carrier's office in San Antonio, Texas, not less than forty-eight (48) hours after publication of notice in a daily newspaper published in San Antonio, Texas, of the time and place of sale and the quantity of the Crude Petroleum to be sold. The proceeds of such sale shall be applied to the payment of all unpaid charges, if any, and of all expenses incident to the sale, and the balance shall be held for whoever is lawfully entitled to it. Carrier may be a bidder and purchaser at such sale.

Rule 8. SPECIFICATIONS AND RESTRICTIONS:

Carrier will from time to time determine the quality and general characteristics of Crude Petroleum it will regularly transport between particular origin points and destination points on Carrier's facilities. Carrier will inform all interested persons of such Crude Petroleum quality and general characteristics upon request by them. Changes in Crude Petroleum quality standards will be made by new tariff filings. Crude Petroleum quality and general characteristics include, but are not limited to, whole crude properties such as API, gravity, sulfur, S. & W., Reid vapor pressure, pour point, viscosity, hydrogen sulfide, metals, nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.

Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum in Carrier's sole discretion. Further, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.

Shipper shall not deliver to Carrier and Carrier shall not be obligated to accept Crude Petroleum for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or Carrier. In addition, Carrier reserves the right to reject (any and all of, but not limited to) the following shipments: (1) Crude Petroleum having a Reid vapor pressure in excess of nine (9) pounds per square inch absolute and/or Crude Petroleum not meeting the specifications set forth below; and (2) Crude Petroleum where the Shipper or Consignee has failed to comply with applicable laws, rules, and regulations made by government authorities regulating shipment of Crude Petroleum. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's facilities.

Carrier may monitor, but is not responsible for monitoring, receipts or deliveries for contaminants. If, upon investigation, Carrier determines that a Shipper has delivered 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, such Shipper will be excluded from further entry into Carrier's facilities 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 blocking its facilities. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any

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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 facilities.

Shippers are required to furnish Crude Petroleum assays upon the request of Carrier so that quality determinations can be made. If Carrier determines that the Crude Petroleum tendered for transportation does not meet the specifications contained herein or, in the opinion of Carrier, differs materially in character from Crude Petroleum being transported by Carrier, transportation may be either refused or only offered under such terms and conditions agreed to Carrier and Shipper and consistent with this tariff.

Crude Petroleum accepted by Carrier for transportation hereunder must meet the following specifications:

API Gravity: 37-44 degrees

Sulfur Content Max Percent by Weight: 0.40

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agent, or other such additives in Crude Petroleum to be transported.

Rule 9. CRUDE PETROLEUM INVOLVED IN LITIGATION, LIENS AND TITLE DISPUTES:

When any Crude Petroleum tendered for transportation is involved in litigation, a dispute over ownership or title, or encumbered by lien or charge of any kind, Shipper shall so advise Carrier in writing-in not less than five business days before tendering for shipment. If Shipper, due to litigation, disputed ownership or encumbrance, has caused title in the Crude Petroleum to be in dispute, Carrier may refuse receipt or delivery of Crude Petroleum unless Shipper provides Carrier an indemnity/bond equal to the value of the Crude Petroleum.

Rule 10. PAYMENT OF CHARGES:

Unless credit arrangements satisfactory to Carrier are made in advance, the Shipper or Consignee shall pay transportation and all other lawful charges accruing on Crude Petroleum tendered for shipment before delivery of such Crude Petroleum. If required by Carrier, such charges shall be prepaid at the point of origin, or at the option of Carrier, Shipper may be required to furnish an irrevocable letter of credit in form, substance and amount reasonably satisfactory to Carrier as security for the payment of charges hereunder. Crude Petroleum accepted for transportation shall be subject to a lien for all such charges in favor of Carrier, which lien may be enforced by sale at public auction as provided in Rule 7.

Rule 11. LIABILITY OF CARRIER:

Carrier shall not be liable for any loss, damage to, or delay in delivery of, Crude Petroleum caused by any act of God, public enemy, quarantine, authority of law, strikes, riots, act or default of the Shipper or Consignee, or from any other cause not due to Carrier's negligence. In no event shall Carrier be liable to Shipper for any incidental, consequential, exemplary or punitive damages. In case of losses from causes other than Carrier's negligence, losses shall be charged proportionately to each shipment in the ratio that such shipment, or portion of it, received and undelivered when the loss or damage occurs, bears to the total of all shipments, or portions of them, then in Carrier's custody for shipment. The Consignee shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage, determined as aforesaid, and shall be required to pay transportation charges only on the quantity delivered. Carrier assumes no liability where operational, scheduling, excess demand, delays and difficulties in pipeline operations prevent its ability to maintain schedules or comply with Shippers' or Consignees' withdrawal requirements.

Rule 12. CLAIMS, SUITS AND TIME FOR FILING:

Claims for loss, damage or delay in connection with shipments must be made in writing within nine months after delivery of the Crude Petroleum concerned, or, if Carrier fails to make delivery, then within nine months after a reasonable time for delivery has elapsed. Suit may be instituted against Carrier within two years and one day from the day when written notice is given by Carrier to the claimant that its claim has been

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disallowed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing, Carrier shall not be liable and such claims will not be paid.

Rule 13. PIPEAGE CONTRACTS REQUIRED:

Separate pipeage contracts in accordance with this tariff and these regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise.

Rule 14. 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 connections 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 at Carrier's sole discretion, subject to compliance with applicable governmental regulations.

RAILROAD COMMISSION OF TEXAS PROVISIONS

The Railroad Commission of Texas Tariff Requirements identified in 16 Texas Administrative Code § 3.71(1)-(19) are incorporated in these Rules and Regulations by reference. If any matter is addressed with greater specificity in these Rules and Regulations, or in the event of conflict between the Texas Tariff Requirements and these Rules and Regulations, these Rules and Regulations will govern the rights and obligations of Carrier and Shippers.