

EXPLORER PIPELINE COMPANY

VOLUME INCENTIVE RATES

APPLYING ON THE TRANSPORTATION OF

PETROLEUM PRODUCTS

AS DEFINED IN ITEM NO. 5 HEREIN SUPPLEMENTS THERETO AND
SUCCESSIVE ISSUES THEREOF.

FROM	TO
POINTS IN TEXAS	POINTS IN TEXAS

THE RATES NAMED IN THIS TARIFF APPLY ON INTRASTATE TRANSPORTATION OF
PETROLEUM PRODUCTS BY PIPELINE, SUBJECT TO THE RULES AND REGULATIONS
PUBLISHED HEREIN.

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

ISSUED: [W] June 12, 2017 <u>June 1, 2018</u>	EFFECTIVE: [W] July 1, 2017 <u>July 1, 2018</u>
ISSUED BY	COMPILED BY
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RULES AND REGULATIONS

Item No. 5 DEFINITIONS

As used in these rules and regulations, the following terms have the following meanings:

"API Gravity" means gravity determined in accordance with ASTM Designation D-287-92 or latest revision thereof.

"ASTM Color" means color determined by the ASTM Standard method of test ASTM Designation D-1500-91 or latest revision thereof.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.

"Batch" means a quantity of petroleum product of like specifications moved through the pipeline as an identifiable unit.

"Segregated Batch" means a batch identifiable as the property of a single Shipper, and moved through the pipeline so as to maintain this singular identity and ownership.

"Joint Batch" means two or more batches of petroleum product moved as one single identifiable unit which is joined by the Carrier for movement and identification by order and authority of the participating Shippers. Carrier does not prescribe specifications for joint batches.

"Fungible Batch" means a batch of petroleum product meeting Carrier's specifications *as set forth in the Shippers Manual*, which may be commingled with other batches of petroleum product meeting the same specifications.

"Bid Capacity" shall mean up to 10% of each mainline segment's capacity.

"Carrier" means Explorer Pipeline Company and other participating pipelines, if any.

"Carrier cycles" are five (5) days each commencing with cycle 1 beginning approximately January 1st of each year.

"Committed Shippers" are those shippers who have executed a multi-year throughput agreement with an effective date after August 1, 2012, which includes a take or pay provision as approved by the Commission in Docket No. OR12-10-000, issued August 1, 2012 (140 FERC ¶ 61,098).

"Consignee" means the party to whom a Shipper has ordered the delivery of petroleum product.

"Discount Capacity" means pipeline capacity available after allocation of Bid and Regular Capacity.

"Final Delivery" means a delivery of a batch or the remainder thereof so that the batch is completely removed from the mainline and held in either Carrier's tankage or consignee's facilities or delivered into the facilities of other Carriers.

"Grade 7H, Magellan" means a dyed, fungible, high sulfur diesel which is moved through the pipeline for delivery to Magellan Pipe Line.

"Interface Mixture" is that mixture which occurs in normal pipeline operations between batches of petroleum products having different specifications.

RULES AND REGULATIONS

Item No. 5 DEFINITIONS (cont.)

"Jet Fuel" means aviation fuel, except for JP-8, Military Jet Fuel, which is kerosene based and meets Carrier's fungible specifications, as set forth in the Shippers Manual.

"Petroleum Products" means gasolines and petroleum oil distillates or blend stocks as further described in Item 10.

"Priority Capacity" means Regular Capacity available to Committee Shippers, which is not subject to proration in accordance with Item No. 90. Priority Capacity will not exceed 250,000 barrels per day of the Regular Capacity on mainline segments.

"Regular Capacity" means pipeline capacity available after allocation of Bid Capacity.

"Shipment" means a volume of products offered to and accepted by Carrier for transportation.

"Shipper" means the party who contracts with the Carrier for transportation or storage of petroleum products under the terms of this tariff.

"Shippers Manual" means the document, [N] dated July 1, 2018, updated periodically, provided to Shippers containing detailed information and procedures related to transportation of Petroleum Products on Carrier's facilities. [N] The Shipper's Manual may be accessed through the Carrier's website at www.expl.com.

Item No. 10 [N] COMMODITY & SPECIFICATIONS

[N] (a) This tariff applies only to the transportation of Petroleum Products by Carrier as defined in Item No. 5 and Item No. 10 and will not accept any other commodity for transportation.

[W] ~~(a)~~(b) Carrier shall have no obligation to accept petroleum products 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 a vapor pressure not more than 15 pounds absolute at 100 degrees Fahrenheit; have an API gravity at 60 degrees Fahrenheit, not less than 20 degrees and not more than 80 degrees; a viscosity not more than 4.3 centistokes at 100 degrees Fahrenheit; and meet all required specifications as uniformly established and published in the Shippers Manual. Specifications are detailed in Section 3 of the Shipper's Manual [C] ~~and are dated October 1, 2016~~. Copies of the Shipper's Manual will be provided to Shippers upon request or may be accessed through the Carrier's website at www.expl.com.

[W] ~~(b)~~(c) Carrier will require the Shipper to furnish certified laboratory reports showing the results of tests of the petroleum products offered for transportation. Carrier may also make such tests of the petroleum products as it deems necessary.

[W] ~~(c)~~(d) Petroleum products containing blending components other than pure hydrocarbons or that pose a personal health hazard to Carrier's employees are not acceptable for transportation unless Shipper notifies Carrier of the identification and concentration of such components and has received Carrier's agreement to transport such blended petroleum products before they enter Carrier's system. Shipper must report type and percent by volume of all non-hydrocarbon blending components.

RULES AND REGULATIONS

Item No. 15 MINIMUM BATCH

Main Line

(a) The minimum quantity of petroleum which will be accepted at point of origin by the Carrier from one Shipper as a segregated batch shall be 50,000 barrels.

(b) The minimum quantity of petroleum product which will be accepted at points of origin by the Carrier from one Shipper for participation in a joint batch or a fungible batch shall be 25,000 barrels; provided, however, that the minimum quantity of a joint batch or a fungible batch traversing the mainline shall be 100,000 barrels for Jet Fuel, Ultra Low Sulfur Diesel and Premium Gasoline and 50,000 barrels for all other products.

Stub Lines

The minimum quantity of petroleum product, which will be pumped from Carrier's tankage into a stub line as a batch, shall be 5,000 barrels.

Item No. 20 MINIMUM DELIVERY AT DESTINATION

(a) Deliveries from the mainline, stub lines, and local transfer lines shall be made in quantities of not less than 5,000 barrels, **[N]** except for operational reasons as determined by the Carrier.

(b) It shall be permissible to split a delivery at one location between two or more consignees, but in no event shall the Carrier be obligated to deliver less than 5,000 barrels to any one consignee.

(c) A joint batch or a fungible batch contained in the mainline shall not be reduced in quantity below 50,000 barrels for Jet Fuel, Ultra Low Sulfur Diesel and Premium Gasoline and 10,000 barrels for all other products prior to final delivery from the mainline. Final delivery of batches from the mainline shall be made at Greenville, Texas; Tulsa, Oklahoma; Wood River, Illinois; and Hammond, Indiana, except as otherwise provided herein.

Requests to make final delivery of batches at mainline terminals intermediate to Greenville, Texas; Tulsa, Oklahoma; Wood River, Illinois; and Hammond, Indiana, shall be granted provided, 1) the Shipper can accept full line rate deliveries or 2) the Carrier can make such final delivery without adversely affecting the reasonable operation of Carrier's facilities.

RULES AND REGULATIONS

Item No. 25 NOTICE OF INTENT TO SHIP; BINDING NOMINATIONS; PAYMENT OBLIGATIONS; SHIPPING SCHEDULES

(a) Any Shipper desiring to tender petroleum products for transportation hereunder shall on or before the 10th day of the month preceding the nomination period give written nomination on forms acceptable to the Carrier specifying Regular, Bid, Priority Capacity, Flexible Capacity, or Discount Rates, origin, destination, product type, quantity of products to be shipped and, if applicable, a per barrel bid that is equal to or greater than the applicable Minimum Bid. Each nomination period will consist of six (6) five (5) day cycles. Unless such nomination is made, the Carrier shall be under no obligation to accept petroleum products from such Shipper.

(b) On or about the 11th, 21st, and 31st days of month preceding the nomination period, Carrier will prepare and furnish to each Shipper, its pipeline capacity in accordance with Item 90 and schedules showing the estimated time that each shipment will be received for transportation at origin points and the estimated time of arrival at destinations. Such schedules may be revised from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to accommodate Shipper's needs for transportation. Carrier will furnish Shipper revised schedules when issued.

When it is determined that insufficient capacity is available to accommodate all valid timely and properly submitted nominations, Carrier will notify via electronic mail, telephone, facsimile, electronic bulletin posting or other appropriate method as selected by the Carrier, each Shipper that has tendered a nomination for the allocated line segment or facility and for the applicable two (2) cycles of the nomination period. Each allocated Shipper will then have a period of two (2) business days to adjust its nomination for the applicable two (2) cycles of the nomination period using Transport4 (unless otherwise instructed by the Carrier). At 12:01 a.m. on the third business day following the notification to Shippers, this adjusted nomination shall be considered a Binding Nomination, or if a Shipper does not change or submit a reduced nomination, then its initial nomination shall be considered its Binding Nomination. For example, Shipper A nominates 750,000 barrels on March 10th for the April nomination period (cycles 19 – 24). On March 11, Carrier notifies Shipper A that Carrier has insufficient capacity and Shipper may submit a revised nomination, to be considered binding, for the allocation process for cycles 19 and 20. On or about March 13th Carrier will notify Shipper A that their allocation is 100,000 barrels each cycle. Shipper A then adjusts its nominations for cycles 19 and 20 to the allocated 100,000 barrels each cycle. This same process will occur three (3) times per nomination period. That is, the Carrier will notify the nominating Shipper on March 11th, March 21st and March 31st.

(c) If a Shipper delivers a volume greater or equal to eighty-five percent (85%) of its allocated capacity, then Shipper shall be invoiced based on its delivered volumes. If a Shipper delivers less than eighty-five percent (85%) of its allocated capacity, then Shipper shall be invoiced for its delivered volumes for that period, plus a Capacity Allocation Program (CAP) charge equal to:

85% of allocated capacity for the applicable cycle of the nomination period
(-) less
Actual Volume delivered in the applicable cycle of the nomination period
(*) times
Applicable CAP charge of forty-two cents (\$0.42) per barrel.

RULES AND REGULATIONS

Item No. 25 NOTICE OF INTENT TO SHIP; BINDING NOMINATIONS; PAYMENT OBLIGATIONS; SHIPPING SCHEDULES (cont.)

The CAP charge will not be applicable to the 28" mainline system. The CAP charge will be waived when tenders were reduced at the request of Carrier, or where Carrier's operational issues prevented full receipt or delivery of barrels tendered by Shipper. The CAP charge will be calculated on each applicable cycle of the nomination period.

(d) To reduce the schedule's variability, an origin nomination change fee of forty-two cents (\$0.42) per barrel will be assessed to any Shipper who within seventy-two (72) hours before the scheduled time for receipt by Carrier fails to designate an origin, changes the origin location or reduces the amount of barrels for transportation. In addition, a destination nomination change fee of forty-two cents (\$0.42) per barrel will be assessed to any Shipper who within twenty-four (24) hours before the scheduled time for a Carrier's destination delivery by Carrier, changes the location of the nominated destination. These nomination change fees will be waived when deliveries were reduced at the request of the Carrier, or where Carrier's operational problems prevented full receipt or delivery of barrels tendered by Shipper.

(e) Shipper shall have each shipment available in tankage connected to Carrier's origin stations at least eight hours before the scheduled time for receipt by Carrier. When a product is not available in tankage within the time limits as aforesaid, acceptance of said product will be at the discretion of the Carrier.

Item No. 30 SEGREGATION AND VARIATIONS IN QUALITY AND GRAVITY

(a) Carrier shall not be liable for variation in gravity or quality of petroleum products occurring while in its custody, resulting from normal pipeline operations and is under no obligation to deliver the identical petroleum products received.

(b) Subject to the foregoing, Carrier will, on segregated shipments, to the extent permitted by Carrier's facilities, endeavor to make delivery of substantially the same petroleum products at destinations; however, it being impractical to maintain absolute identity of each shipment of petroleum products, reasonable substitution of barrelage of substantially the same specification of petroleum product will be permitted.

Item No. 35 ORIGIN AND DESTINATION FACILITIES AND DISPOSITION OF PRODUCTS ON FAILURE TO ACCEPT DELIVERY

(a) Shipper shall furnish facilities to deliver petroleum products to the Carrier's manifold at origin stations at a compatible pressure and at a pumping rate equal to Carrier's full line pumping rate or injection rate, if applicable.

(b) No duty to transport will arise until evidence satisfactory to the Carrier has been furnished that Shipper has provided necessary facilities to which Carrier is connected at destination capable of receiving such shipments without delay at pressures and at pumping rates required by Carrier, and has made necessary arrangements for accepting delivery of shipments promptly on arrival at destination. The Shipper or consignee shall have the sole duty to open valves into such delivery tankage, to determine that sufficient storage space is available to receive deliveries and to make all other necessary arrangements for the safe and proper receipt of petroleum products.

RULES AND REGULATIONS

Item No. 35 ORIGIN AND DESTINATION FACILITIES AND DISPOSITION OF PRODUCTS ON FAILURE TO ACCEPT DELIVERY (cont.)

(c) In the event the Carrier has accepted petroleum products for transportation in reliance upon Shipper's representations as to acceptance at destination, and there is failure to take such petroleum products at destination as provided in Paragraph (b) hereof, then and in such event, Carrier shall have the right, on 24-hour notice to Shipper, to divert, reconsign, or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline including the right to sell the petroleum products at a private sale for the best price obtainable. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation charges and other necessary expense of caring for and maintaining the petroleum products and the balance shall be held for whomsoever may be lawfully entitled thereto.

Item No. 40 PIPEAGE CONTRACTS REQUIRED

In the event construction of new facilities are required, then a pipeage contract, in accordance with this tariff and these rules and regulations, will be required of the proposed Shipper before any duty of transportation shall arise.

Item No. 45 MEASURING, VOLUME CORRECTIONS AND TENDER DEDUCTIONS

(a) Quantities at origin and destination shall be determined either by meter and/or gauging computations from certified tank tables corrected to temperature of 60 degrees Fahrenheit in accordance with API Standard 11.1 tables 6A or 6B (whichever is applicable) for products and Tables 5A and 5B (whichever is greater) for Diluent or latest revisions thereof, and a pressure of zero psi gauge by use of API Standard 11.1 or latest revisions thereof. Shipper or consignee may have representatives present during testing, meter reading, calibration and gauging. Full deductions to be made for all water and other impurities in products received or delivered.

(b) A tender deduction of 0.05% by volume will be made on the quantity of Petroleum Products accepted for transportation. Carrier will only be accountable for delivery of that quantity of Petroleum Products accepted for transportation after the tender deduction.

RULES AND REGULATIONS

Item No. 50 DIVERSION OR RECONSIGNMENT

Diversion or reconsignment may be made without charge if requested by the Shipper at least 24 hours prior to scheduled arrival at original destination, subject to the rates, rules and regulations applicable from point of origin to point of final destination, upon condition that no out-of-line or backhaul movement will be made.

Item No. 55 RATES APPLICABLE

Petroleum products transported shall be subject to rules and rates in effect on the date such petroleum products are received by the Carrier. Rules and rates changes begin at 0000 hours Central Time Zone on the effective date of the tariff or any supplements thereto.

Item No. 60 TRANSPORTATION CHARGES

(a) Transportation charges will be computed and collected at the rates provided herein, on the basis of the number of barrels of petroleum products delivered at destinations, after volume corrections as provided in Item 45.

(b) The Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and, if required by Carrier, shall prepay such charges or furnish guaranty of payment satisfactory to the Carrier.

(c) In the event that an invoice for the charges described in (b) above is not paid to and received by Carrier in full within thirty (30) days of the invoice date, the balance due on such invoice shall bear interest from that 30th day at an annual rate of 18% or the maximum annual finance charge rate allowed by the State of Oklahoma, whichever is less.

(d) In addition to all other liens, statutory or otherwise, to which Carrier is entitled, Shipper hereby grants to Carrier a first priority continuous and continuing security interest in all of the following, whether now or hereafter existing or acquired, as collateral for the prompt and complete payment and performance of Shipper's Obligations (as defined below): (a) All Petroleum Products accepted by Carrier for transportation, terminaling, storage, or otherwise; (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents, (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) all products and proceeds of any of the foregoing property in any form. The property described or referred to in subsections (a) through (c) above is collectively referred to as the "Collateral." This grant secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, storage, terminaling, special, ancillary and other lawful charges arising under or related to this tariff or the contracts entered into in connection with this tariff; (b) the repayment of any amounts that Carrier may advance or spend for the maintenance, storage or preservation of the Collateral; (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and (d) all other amounts now or in the future owed by Shipper to Carrier, whether or not of the same kind or class as the other obligations owed by Shipper to Carrier.

RULES AND REGULATIONS

Item No. 60 TRANSPORTATION CHARGES (cont.)

(e) Upon a default by the Shipper under this tariff or the contracts entered into in connection with this tariff, Carrier may, without further notice, setoff (including by set off, offset, recoupment, combination of accounts, deduction, retention, counterclaim, or withholding across or within each or all of such tariff and contracts, collectively "Setoff") (i) any amounts owed by Carrier to the Shipper under any other agreements, instruments or undertakings between the Shipper and Carrier against (ii) any amounts owed by the Shipper to Carrier under any other agreements, instruments or undertakings between the Shipper and Carrier. Carrier shall give the Shipper notice of any Setoff pursuant to this paragraph, as soon as practicable thereafter, provided that failure to give such notice shall not affect the validity of the Setoff.

(f) This tariff shall be construed in accordance with and governed by the laws of the State of Oklahoma (including without limitation the Uniform Commercial Code, 12A Okla. Stat. § 1-101 et seq., as it may be amended from time to time), without regard to any choice of law rules which may direct the application of the laws of any other jurisdiction.

Item No. 65 LIABILITY

The Carrier shall not be liable for any delay, damage, or loss caused by acts of God, public enemy, quarantine, authority of law, riots, nuclear or atomic explosion, floods, strikes, picketing, or other labor stoppages, whether of Carrier's employees or others, or act of default of Shipper or owner, or any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated.

In the event of such loss, each Shipper shall bear the loss in the same proportion as its share of the total quantity of the batch involved and shall be entitled to receive only so much of its share remaining after its due proportion of the loss is deducted. Transportation charges will be assessed only on the quantity delivered.

Subject to Item 75, Carrier will not be liable for discoloration, commingling, contamination or deterioration of petroleum products transported unless such degradation is caused by the negligence of the Carrier. Negligence in this case shall not be construed to include contaminants absorbed by the material during transit through the pipeline which is used for multi-product transportation.

As a condition to Carrier's acceptance of petroleum products under this tariff, each Shipper (for the purposes of this item the term "Shipper" shall include users of tank space) agrees to protect and indemnify Carrier against claims or actions for injury to and/or 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 the Shipper, his consignee, his agents, employees or representatives and 2) the negligent act or acts or failure to act of the Shipper, his consignee, his agents, employees or representatives in connection with the delivery or receipt of such petroleum product.

Item No. 70 TITLE

An offer of petroleum products for shipment shall be deemed a warranty of title by the party offering, but acceptance shall not be deemed a representation by the Carrier as to title. The Carrier may, in the absence of adequate security, decline to receive any petroleum products which are in litigation, or as to which a dispute over title may exist, or which are encumbered by a lien.

Item No. 75 DELIVERY ADJUSTMENTS

(a) Subject to Item 45 and Item 65, Carrier shall account to each Shipper for 100 percent of products received. The interface of comingled products occurring in the mainline between products having unlike, basic, physical characteristics, which cannot be readily absorbed into the shipments immediately preceding and following the interface (non-compatible interface) shall be retained in the custody of Carrier and the costs incurred in its disposition will be covered by Carrier.

(b) On lateral stub lines, interface material will be distributed equally among the number of Shippers who participated in movements which generated interface. This interface material will be delivered in kind to each Shipper's tankage, which they are required to provide for receipt of this material.

Exception to Item 20:

The provisions of Item 20 with reference to minimum delivery at destination will not apply to deliveries of interface material as provided in this item.

Item No. 80 TIME LIMITATION ON CLAIMS

As a condition precedent to recovery for loss, damage or delay to shipments, claims must be filed in writing with the Carrier within nine months and one day after delivery of the product, or in case of failure to make delivery, then within nine months and one day after reasonable time for delivery, based on Carrier's normal operations, has elapsed; and suits shall be instituted against the Carrier only within two years and one day from the day when notice in writing is given by the Carrier to the claimant that the 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 hereunder shall not be liable, and such claims will not be paid.

Item No. 85 CORROSION INHIBITORS

All products shipped, with the exception of all grades of Aviation Kerosene, are required to meet a minimum level of corrosion protection. The concentration of inhibitor dosage will be controlled to meet a minimum rating of B+ (less than 5% of test surface rusted) as determined by NACE Standard TM0172-86, Test Method-Antirust Properties of Petroleum Products Pipeline Cargoes or latest revisions thereof.

Item No. 90 PRORATION OF PIPELINE CAPACITY

The proration policy will be applied, separately, as to Regular Capacity, Bid Capacity and Discount Capacity on each segment of main line, or lateral lines, where a need for proration shall arise. When the total volume nominated for Shipment in accordance with Item 25 is greater than can be transported within the period covered by such nominations, petroleum products offered by each Shipper for transportation will be transported in such quantities and at such times to the limit of Carrier's capacity so as to avoid discrimination among shippers and will be in accordance with Carrier's "Petroleum Products Proration Policy" dated ~~[W] April 1, 2017~~ July 1, 2018, a copy of which is published in the Shipper's Manual and is available upon request or may be accessed through the Carrier's website at www.expl.com.

Item No. 90 PRORATION OF PIPELINE CAPACITY (cont.)

Priority Capacity will be available to Committed Shippers whose volumes originate on the Gulf Coast with a destination north of Wood River, Illinois during periods of proration on any segment of the mainline. Priority Capacity will not exceed 250,000 barrels per day of each mainline segment. A Committed Shipper nominating volumes for shipment in accordance with Item 25 during periods of proration has the ability to secure Priority Capacity up to their committed level by paying a one cent (\$0.01) premium over the Table of Regular Rates (Part III) or Table of Specialty Rates (Part IV), whichever is applicable.

Item No. 112 INCENTIVE RATES TO HOUSTON, DALLAS AND FORT WORTH, TEXAS

Rates set forth in Part II of this tariff and successive issues thereof will apply to deliveries of any Shipper agreeing in writing to a Minimum Annual Revenue Requirement of \$14,176,775 (annually adjusted) for a fifteen (15) year period from Carrier's Port Arthur/EPCo origin to the Dallas-Fort Worth Motiva and the Fauna Magellan, Houston destinations counting from the effective date of the agreement subject to the following terms and conditions:

(a) A Shipper must agree in writing to deliver ratable volumes for a fifteen (15) year period that will generate for Carrier the Minimum Annual Revenue requirement.

(b) The agreed Minimum Annual Revenue requirement shall be met by the end of each of the one (1) year periods.

If Carrier's associated revenues hereunder in any one (1) year period are less than the Minimum Annual Revenue for such period, then Shipper shall pay a deficiency payment equal to the Minimum Annual Revenue requirement less the aggregate amount of associated revenues paid to Carrier in that same one (1) year period. Payment shall be made within fifteen (15) days following receipt of Carrier's invoice to be rendered within thirty (30) days after the end of each year. Such amount will be considered by Carrier as prepaid transportation and will be credited to Shipper against transportation charges on volumes that Shipper may elect to ship from Carrier's Texas origins to Carrier's Texas destinations that are included in this Item 112 in future annual periods, but only after the Minimum Annual Revenue requirement has been met. Unused transportation credits will expire within two (2) years after the expiration of annual term for which a deficiency payment was made.

(c) The prorationing of capacity affecting Shipper, if any, will be governed by the Carrier's Proration Policy. If Shipper is prorated in any given month with respect to any component of Carrier's system, impacting the Services to be provided herein, for reasons other than Shipper's failure to ship and establish a historical average volume, and Shipper cannot, as a result, meet its Minimum Annual Revenue requirement, then the Minimum Annual Revenue requirement will be reduced by an amount that reflects the difference between (i) the lesser of the volume nominated in accordance with the provisions of this Agreement on the prorated component or one hundred and ten percent (110%) of the historical average volume for such component, and (ii) the amount actually shipped on such segment for the month, multiplied by (iii) the then-applicable rates to the destination(s) served by that pipeline segment.

**Item No. 112 INCENTIVE RATES TO HOUSTON, DALLAS AND FORT WORTH,
TEXAS (cont.)**

(d) To the extent Shipper exceeds the Minimum Annual Revenue requirement during any annual period, then Shipper shall be entitled to a credit equal to twenty percent (20%) of such excess revenue in the two (2) immediately following future contract years against deficiency payments that Shipper may be required to pay.

Item No. 115 APPLICATION OF RATES FROM OR TO INTERMEDIATE POINTS

For shipments of Petroleum Products accepted for transportation from any origin or to any destination not named in any tariff making reference hereto, which origin or destination is directly intermediate to any origin or destination from or to which a rate applies though such unnamed point is not published, the Carrier will apply, from or to such unnamed origin or destination, the rate published from or to the next more distant point specified in the tariff and in accordance with 18 CFR § 341.10.

Item No. 120 TAX REGISTRATION

Shipper represents to Carrier that Shipper and any consignee holds valid proof of registration with or tax exemption from the appropriate Federal and or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments and will furnish such proof upon request. In any event, Shipper will be responsible to reimburse Carrier for any such taxes, levies or assessments, plus the cost of collection and related expenses, if they should be imposed against Carrier with respect to any Shipment of Shipper.

TABLE OF INCENTIVE RATES TO DALLAS AND FORT WORTH	
PART II – 5 CANCELS PART II – 4	
[I] All rates on this page are Increased.	
Rates in Cents per Barrel of 42 United States Gallons	
APPLICATION OF RATES – See Item No. 112	
POINTS OF ORIGIN	
DESTINATIONS	Port Arthur/EPCo (Jefferson County, Texas)
STATE OF TEXAS Dallas/Motiva (Dallas County)	+139.5 (1)
STATE OF TEXAS Fort Worth/Motiva (Tarrant County)	+140.9 (2)

EXPLANATION OF ABBREVIATIONS

F.E.R.C.	Federal Energy Regulatory Commission
EPCo	Enterprise Products Company
No.	Number

EXPLANATION OF REFERENCE MARKS

- (1) Deliveries to this destination is limited to the following products: TxLED; ULSD; RBOB; Jet.
- (2) Deliveries to this destination is limited to the following products: TxLED; ULSD; RBOB; CBOB or Conventional Gasoline.

[C] Cancelled.

[I] Increased.

[N] New.

[W] Change in Wording Only.

+ Intrastate application only.

Petroleum products will be transported through Carrier's facilities only as provided in these rules and regulations at the rates set forth in this tariff and successive issues thereof. For definition of carrier cycles see Item No. 5.

