

CITGO PRODUCTS PIPELINE COMPANY

LOCAL PIPE LINE TARIFF

Applying On The Interstate Transportation Of

PETROLEUM PRODUCTS

As Defined Herein

From Points in

TEXAS AND LOUISIANA

To Points In

LOUISIANA AND TEXAS

The rates named in this tariff are for the transportation and handling of Petroleum Products by pipe line, subject to the Rules and Regulations named herein. The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

TABLE OF RATES for LAKEMONT PIPELINE

FROM	TO	RATE IN CENTS PER U.S. BARREL OF FORTY-TWO (42) U.S. GALLONS
Pecan Grove, Calcasieu Parish, Louisiana	Mont Belvieu, Chambers County, Texas	[I] <u>314.10</u>
Mont Belvieu, Chambers County, Texas	Pecan Grove, Calcasieu Parish, Louisiana	[I] <u>314.10</u>

[I] Increase [W] Change in Wording Only [N] New

This tariff contains rates that are indexed and filed in accordance with 18 CFR §342.3.

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RULES AND REGULATIONS

Petroleum Products will be transported through Carrier's facilities only as provided in these rules and regulations

Item No.	SUBJECT	RULES AND REGULATIONS
1	DEFINITIONS	<p>"Petroleum Products" shall mean ethane, ethane/propane mix, refinery grade propylene, propane, isobutane, mixed butane, normal butane, and natural gasoline meeting Natural Gas Processors Association or other applicable specifications.</p> <p>"Barrel" means a volume of forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit.</p> <p>"Carrier" means and refers to CITGO Products Pipeline Company.</p> <p>"Shipper" means the party who contracts with carrier for transportation of Petroleum Products under the terms of this tariff.</p> <p>"Consignee" means the party to whom Shipper has ordered the delivery of Petroleum Products.</p> <p>"Tender" refers to Petroleum Products offered by Shipper for transportation from a specified origin to destinations listed in Carrier's tariffs in accordance with these rules and regulations.</p>
2	COMMODITY	Carrier is engaged primarily in the transportation of Petroleum Products as defined herein by pipe line and will not accept any other commodity for transportation under this tariff.
3	SPECIFICATIONS REQUIRED	Petroleum Products will be accepted for transportation only when Petroleum Products of similar quality and characteristics are being transported from receiving point to destination point. Carrier may require Shipper to furnish a certificate of analysis by a licensed petroleum inspector showing the final tests of the Petroleum Products Tendered for transportation.
4	MINIMUM TENDER	Petroleum Products will be accepted for transportation only where there has been Tendered by one Shipper a quantity of Petroleum Products of the same kind, quality, and characteristics of no less than twenty-five thousand (25,000) Barrels except for small buffer or interface batches required to protect the quality between different products.
5	TENDERS FOR SHIPMENT	<p>Any Shipper desiring to Tender Petroleum Products for transportation hereunder, shall on or before the 10th day of the month, place a notice of the quantity to be Tendered during the following month with the Product Movement Department of Carrier. Unless such notification be made, Carrier shall be under no obligation to accept Petroleum Products for transportation. Tenders, when accepted will be entered by Carrier on its books as orders. Since Petroleum Products are pumped in a certain sequence for efficient operation, Carrier reserves the right to specify the sequence of shipment of Petroleum Products. As an incident to the acceptance of any Tender, the Shipper shall furnish buffer material between batches if required, and the same tariff rate (as stated on the title page) for the transportation of Petroleum Products tendered by the Shipper shall apply to such buffer material. Normal flow for the pipeline will be from Pecan Grove, Calcasieu Parish, Louisiana to Mont Belvieu, Chambers County, Texas</p> <p>Shipper may request, in its nominations for the next monthly movements, for Carrier to temporarily reverse the flow of the pipeline, so that the pipeline runs from Mont Belvieu, Chambers County, Texas back east to Pecan Grove, Calcasieu Parish, Louisiana and Carrier may accept the nomination and schedule the reverse flow movement, only if Carrier determines that there is excess capacity on the pipeline schedule, to accommodate the nominated movement. In addition, such determination shall include consideration of the time required in the schedule for buffer batches, the time for pushing back the existing pipeline line fill and that there is adequate storage planned by the Shipper to accommodate the line fill that is pushed back east.</p>

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6	FACILITIES AT ORIGIN AND DESTINATION	Carrier will provide such facilities at the points of origin or destination as it considers necessary for operation of the pipeline. Petroleum Products will be accepted for transportation only when Shipper has provided facilities, including storage, at point of origin and destination satisfactory to Carrier for receiving or delivering product at pressures and pumping rates required by Carrier.
7	DELIVERY AT DESTINATION	Upon arrival at destination the Petroleum Products will be delivered through metering facilities provided by Carrier into receiving lines and storage facilities provided by Shipper. It will be the Shipper's responsibility to arrange receiving facilities to meet Carrier's requirements.
8	TRANSPORTATION RESTRICTIONS	Petroleum Products shall be free from entrained water and other contaminants, and will not be received for transportation hereunder if the vapor pressure is less than ten (10) psi or more than seven hundred twenty (720) psi absolute at one hundred degrees (100°)Fahrenheit. The product shall be received at not less than one hundred (100) psig over the vapor pressure of the product at the flowing temperature. The temperature of product received for transportation shall not exceed one hundred degrees (100°)Fahrenheit. Vapor pressure herein referred to shall be determined by the applicable Reid or Natural Gas Processors Association method of testing.
9	MEASUREMENT	Petroleum Products Tendered to and delivered by Carrier shall be measured through mass or volumetric meters prior to or at the time of receipt or delivery. Shipper shall at all times have the privilege of being present or represented during such metering.
10	TESTING	Carrier may require Shipper to furnish a certificate setting forth in detail specifications of each shipment of Petroleum Products offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Petroleum Products in Carrier's pipeline or other facilities caused by failure of the Petroleum Products Tendered to meet the specifications stated in Shipper's certificate; however, Carrier may, but shall not be required to, sample and/or test any shipment prior to acceptance or during receipt of shipment, and in the event of variance between the specifications contained in said certificate and the specifications indicated by Carrier's test, Carrier's test results shall prevail and be determinative as to whether the shipment meets Carrier's required specifications. If Carrier performs a laboratory test on Petroleum Products tendered by Shipper and if such Product does not meet the specifications stated in Shipper's certificate, Shipper shall upon demand reimburse Carrier for the costs of such laboratory test and any excess charges Carrier may have to filter or otherwise handle the product.
11	LOSS ADJUSTMENTS	Pursuant to Item No. 15, Shippers' in-transit stocks of Petroleum Products may be adjusted to allow for inherent losses or gains, including but not limited to shrinkage, evaporation, measurements and other physical losses not due to negligence of the Carrier. These losses or gains will be allocated monthly among the Shippers in the proportion that the total number of Barrels received into the system for each Shipper bears to the total number of Barrels received into the system for all Shippers.

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12	IDENTITY OF PRODUCT	Carrier will accept product for transportation on the condition that it will exercise due diligence transporting product to destination with a minimum of contamination and to maintain the identity each shipment. However, it being impractical to maintain absolute identity of each shipment, reasonable substitutions of like commodity will be permitted. Carrier may inject corrosion inhibitor in the Petroleum Products to be transported and Shipper will accept delivery of shipments at destination containing portions of the corrosion inhibitors.
13	LIENS AND UNPAID CHARGES	Petroleum Products will be accepted for transportation only when free from all liens and unpaid charges.
14	PAYMENT OF TRANSPORTATION AND OTHER CHARGES	<p>Shipper or Consignee shall pay the transportation and all other lawful charges accruing on Petroleum Products Tendered for shipment, and, if required, shall pay the charges in advance of transportation or before delivery, or furnish guaranty of payment satisfactory to Carrier. Payment of such charges shall be made in accordance with invoice terms and these rules and regulations. The Carrier shall have a lien on all Petroleum Products in its possession belonging to the Shipper to secure payment of all unpaid charges due from such Shipper, and may withhold such Petroleum Products from delivery until all such unpaid charges shall have been paid. If said charges shall remain unpaid thirty (30) days after the date set for payment in Carrier's invoice to Shipper, or, in the absence of unpaid charges, when there shall be a failure to take the Petroleum Products at the destination point, the Carrier shall have the following options, in its sole discretion:</p> <p>a. Carrier may store Shipper's Petroleum Products in its possession and charge Shipper the per diem storage rate for whatever storage it can secure until Shipper or Consignee pays all charges and/or takes delivery, whichever is applicable; or</p> <p>b. Carrier may sell Shipper's Petroleum Products in its possession for cash at public auction its office in Tulsa, Oklahoma, after giving notice of the time and place of sale and the quantity of Petroleum Products to be sold. The Carrier may be a bidder and a purchaser at such sale. From the sale proceeds, the Carrier may pay itself all charges, expense of notice and sale, and storage and maintenance costs, and the balance shall be held for whomsoever may be entitled thereto; or</p> <p>c. In circumstances in which Carrier can secure no storage facilities or other means of holding and maintaining Shipper's Petroleum Products, and inability to deliver the Petroleum Products will cause shutdown of a line segment of the Carrier's pipeline, Carrier may, without notice but in the most commercially reasonable manner as is possible under the circumstances, dispose of Shipper's Petroleum Products. If such disposal shall result in proceeds after payment of Carrier's charges and expenses, proceeds shall be held for whomsoever may be entitled thereto. If such disposal does not result in proceeds, Shipper and Consignee shall remain liable for all charges due to Carrier and expenses incurred by Carrier.</p>

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Item No.	SUBJECT	RULES AND REGULATIONS
15	LIABILITY OF CARRIER	Carrier shall not be liable for any loss of Petroleum Products as described herein, or damage thereto, or delay caused by an act of God, storms, floods, hurricanes, earthquakes, lightning, extreme heat or cold, power shortages, sabotage, accident or breakage of machinery and equipment, shortage of tendered Petroleum Products, the public enemy, civil disorder, quarantine, the authority of law, strikes, riots, or the act of default of the Shipper or Consignee, or from any other cause not due to the negligence of Carrier. In case of losses from causes other than negligence of the Carrier, losses shall be charged proportionately to each Shipper in the ratio that such shipment, or portion thereof, received and undelivered at the time of the loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of the Carrier for shipment via the lines or other facilities in which the loss or damage occurs; the Shipper or 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. Carrier will not be liable for discoloration, contamination, or deterioration of Petroleum Products transported hereunder unless resulting from negligence of Carrier. Further, Carrier's liability to Shipper for contaminated or lost Petroleum Products at Carrier's sole option shall be limited to the replacement of the Petroleum Products, the blending of the Petroleum Products to specifications, or the payment of the fair market value of the Petroleum Products in Mont Belvieu, Texas, and Carrier shall not be liable for business interruption or lost profits.
16	CLAIMS, SUITS, TIME FOR FILING	Notice of claim for loss, damage, and delays in connection with the shipment of Petroleum Products must be filed in writing with Carrier within nine (9) months after the delivery of the Petroleum Products, or in case of failure to make delivery within nine (9) months, after a reasonable time for delivery has elapsed; and a lawsuit shall be instigated against Carrier within two (2) years of and one (1) day from the date when the notice in writing is given by the Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof as specified in the notice. When claims are not filed and lawsuits not instigated thereof in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.
17	PRORATION OF PIPE LINE CAPACITY	In accordance with the Carrier's written proration policy, when the total volume nominated for shipment by all Shippers is greater than can be transported within the period and between the locations specified by such nominations, Petroleum Products nominated by each Shipper for transportation will be transported between such locations in such quantities, at such times and to the limit of Carrier's operating capacity so as to avoid discrimination (unreasonable preference or prejudice) among Shippers and so as not to adversely affect the reasonable operation of Carrier's facilities. The details of Carrier's method of proration are contained in a document entitled <i>CITGO Products Pipeline Proration Policy</i> dated February 13, 1996, a copy of which will be made available, upon request, to any Shipper or prospective Shipper. Shippers may request a copy of the policy by contacting the "Compiled by" contact listed in the tariff title page.
18	USE OF COMMUNICATION FACILITIES	When Carrier maintains a private or leased communication system, Shippers may use them without extra charge for messages incident to shipment. However, Carrier shall not be held liable for delivery of messages away from its office, for delay in transmission, or for interruption of service.
19	PIPEAGE CONTRACTS REQUIRED	Separate pipeage contracts, in accordance with this tariff and these rules and regulations, covering further details may be required of the proposed Shipper before any duty of transportation shall arise.

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Item No.	SUBJECT	RULES AND REGULATIONS
20	APPLICATION OF RATES FROM OR TO INTERMEDIATE POINTS	For Petroleum Products accepted for transportation from any point on Carrier's lines not named in a particular tariff which is intermediate to a point from which rates are published therein, through such unnamed point, Carrier will apply the rate published therein from the next more distant point specified in such tariff. For Petroleum Products accepted for transportation to any point on Carrier's pipelines not named in a particular tariff which is intermediate to a point to which rates are published therein, through such unnamed point, Carrier will apply the rate published therein to the next more distant point specified in such tariff pending establishment of new rates.
21	CHARGES FOR SPILL COMPENSATION ACTS AND REGULATIONS	In addition to the transportation charges and all other charges accruing on Petroleum Products accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such Petroleum Products by any federal, state, or local government or agency which levies a tax, fee, or other charge on the receipt, delivery, transfer, or transportation of such Petroleum Products within such government's jurisdiction for the purpose of creating a fund for the prevention, containment, and/or removal of spills and/or reimbursement of persons sustaining loss or damage therefor, and/or preparation for response to spills.