

KINDER MORGAN CRUDE & CONDENSATE LLC

RULES AND REGULATIONS TARIFF

Applying on the Intrastate Transportation of

PETROLEUM CRUDE & CONDENSATE

(As Defined Herein)

BY PIPELINE

BETWEEN

POINTS WITHIN TEXAS

SUBJECT TO THE REGULATIONS NAMED HEREIN

Carrier will accept and transport Petroleum Crude & Condensate offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff. To the extent that specific rules and regulations published in other tariffs conflict with this Rules and Regulations Tariff, such specific rules and regulations shall prevail.

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

T-4 Permit No. 08443

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**RULES AND REGULATIONS OF THE RAILROAD COMMISSION OF TEXAS
(Title 16, Part 1, Chapter 3, Rule §3.71)**

Every person owning, operating, or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing, or delivering of crude petroleum as a common carrier shall be subject to and governed by the following provisions. Common carriers specified in this section shall be referred to as "pipelines", and the owners or shippers of crude petroleum by pipelines shall be referred to as "shippers".

<p>(1) All marketable oil to be received for transportation. By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than two percent (2%) of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the Commission may require. (Amended by Section II-25 of this Tariff.)</p>
<p>(2) Basic sediment, how determined--temperature. In determining the amount of sediment, water or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of sediment, water, or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than 90 degrees Fahrenheit, except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper.</p>
<p>(3) "Barrel" defined. For the purpose of these sections, a "barrel" of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit. (Amended by Section II-10 of this Tariff.)</p>
<p>(4) Oil involved in litigation, etc. -- indemnity against loss. When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of shippers an indemnity bond to protect it against all loss.</p>
<p>(5) Storage. Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five days from the date of order of delivery at destination. (Amended by Section II-80 of this Tariff.)</p>
<p>(6) Identity of oil, maintenance of oil. A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value.</p>

(7) Minimum quantity to be received. A pipeline shall not be required to receive less than one tank carload of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than 500 barrels. **(Amended by Section II-50 of this Tariff.)**

(8) Gathering charges. Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation, and for delivery.

(9) Measuring, testing, and deductions (reference Special Order No. 20-63, 098, effective June 18, 1973.)

- (A) Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging and testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.
- (B) As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter, by:
- (i) Lease Automatic Custody Transfer (LACT) equipment, provided such equipment is installed and operating in accordance with the latest revision of American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6.1, or;
 - (ii) any device or method, approved by the Commission or its delegate, which yields accurate measurements of crude oil condensate.
- (C) Adjustments to the quantities determined by the methods described in subparagraphs (A) and (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis 60°F and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540, American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance, shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention of the Commission to affect any tax or royalty obligation imposed by the laws of Texas on any producer or shipper of crude oil.
- (D) A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.

(Amended by Section II-90 & Section II-100 of this Tariff.)

(10) Delivery and demurrage. Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon 24 hours notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to paragraph (6) of this section, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in paragraph (5) of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in paragraph (5) of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first 10 days of \$.001 per barrel; and thereafter at a rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof. **(Amended by Section II-150 of this Tariff.)**

(11) Unpaid charges, lien for and sale to cover. A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall not be less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.

(12) Notice of claims. Notice of claims for loss, damage or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed.

(13) Telephone–telegraph line — shipper to use. If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service.

(14) Contracts of transportation. When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received for transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.

(15) Shipper's tanks, etc. -- inspection. When a shipment of oil has been offered for transportation, the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this rule.

(16) Offers in excess of facilities. If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionment. **(Amended by Section II-110)**

(17) Interchange of tonnage. Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the Commission finds that a necessity exists for connection, and under such regulations as said Commission may determine in each case.

(18) Receipt and delivery -- necessary facilities for. Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the Commission finds that a necessity exists therefore, and under regulations by the Commission.

(19) Reports of loss from fires, lightning and leakage.

- (A) Each pipeline shall immediately notify the Commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. Each pipeline shall file the required information with the Commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.
- (B) No risk of fire, storm, flood, or act of God, and no risk resulting from 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, shall be borne by a pipeline, or shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due portion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This rule shall not apply if the loss occurs because of negligence of the pipeline.
- (C) Common carrier pipelines shall mail (return receipt requested) or hand delivered to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the commission for that particular spill or leak within 30 days of filing the required reports with the commission. Registration with the commission by landowners and residents for the purpose of receiving spill or leak reports shall be required every five years, with renewal registration starting January 1, 1999. If a landowner or resident is not registered with the commission, the common carrier is not required to furnish such reports to the resident or landowner.

(Amended by Section II-170)

(20) Printing and posting. Carrier has posted and maintains printed copies of its Railroad Commission tariffs in prominent places, including its Houston offices in Texas.

(21) File tariffs with commission. Immediately upon the publication of its tariffs, and each subsequent amendment thereof, each pipeline is requested to file one copy with the commission.

(22) Records.

- (A) Each person operating crude oil gathering, transportation, or storage facilities in the state must maintain daily records of the quantities of all crude oil moved from each oil field in the state, and such records shall also show separately for each field to whom delivery is made, and the quantities so delivered.
- (B) The information contained in the records thus required to be kept must be reported to the commission by the gatherers, transporters, and handlers at such times and in such manner as may be required by the commission.

SUPPLEMENTAL RULES AND REGULATIONS

The requirements of Section II will be in addition to the requirements of Section I. In case of discrepancies in the requirements between the Sections, Section II will take precedence and govern over Section I.

ITEM 10. Definitions and Abbreviations	
Anchor Shipper	A Committed Shipper that commits, prior to July 1, 2012, to ship Petroleum Crude & Condensate over a term of at least 10 years, at a minimum volume of not less than 25,000 Barrels per day during the first Contract Year, and not less than 50,000 Barrels per day during each of the second through tenth Contract Years.
API	American Petroleum Institute
ASTM	American Society for Testing and Materials
Barrels	Forty-two (42) United States gallons corrected to sixty degrees (60°) Fahrenheit and equilibrium vapor pressure. (Amends Sect. 1-3)
Batch	A quantity of Petroleum Crude & Condensate of like characteristics delivered by Shipper for transportation by Carrier as an identifiable unit.
Capacity	The quantity of Petroleum Crude & Condensate the Pipeline Segment at issue is capable of transporting under the current operating conditions.
Carrier	Kinder Morgan Crude & Condensate LLC
Commencement Date	The date that the first volumes are shipped by a Committed Shipper under a ship or pay contract.
Contract Year	A twelve (12) Month period commencing on and including the Commencement Date.
Non-Committed Capacity	Is the total pipeline Capacity less the amount used by Committed Shippers.
Committed Shipper	A Shipper who has entered into a ship or pay contract with Carrier and is not subject to proration.
Un-Committed Shipper	A Shipper who has not entered into a ship or pay contract with Carrier and is subject to proration.
Consignee	Party, including a connecting pipeline system, to which Shipper has ordered Delivery of Petroleum Crude & Condensate.
Delivery Point	A point (i) named in a Rate Tariff or (ii) agreed to between Shipper and Carrier, at which point Carrier will deliver Petroleum Crude & Condensate to Shipper or its Consignee after transportation from a Receipt Point.
°F	Degree Fahrenheit
Net Standard Volume	The gross standard volume corrected for nonmerchantable quantities such as sediment and water.
Nomination	A designation from a Shipper to Carrier for a forecasted quantity of Petroleum Crude & Condensate for transportation from a specified Receipt Point to a specified Delivery Point in the subsequent month.
Petroleum Crude & Condensate	Meets the specifications in Item 25, Product Specifications.
Pipeline System	All tanks, lines, valves, fittings, and appurtenant equipment required to transport Petroleum Crude & Condensate from Receipt Point to Delivery Point.
Ppm	Parts per million.
Psia	Pounds per square inch absolute.
Psig	Pounds per square inch gauge.
Receipt Point	A point (i) named in a Rate Tariff or (ii) agreed to between Shipper and Carrier, at which point Carrier will accept Petroleum Crude & Condensate for transportation.

ITEM 10. Definitions and Abbreviations (continued)	
Shipper	The party or parties who enter into an agreement with Carrier for the transportation of Petroleum Crude & Condensate under the terms and conditions of this Tariff.
Tariff	Unless otherwise indicated, the term Tariff means this RCT No. [W] 7.4 18 , supplements thereto and successive issues thereof.
Tender	The quantity of Petroleum Crude & Condensate given to Carrier by Shipper of a stated quantity, kind and grade of Petroleum Crude & Condensate for transportation from a specified Receipt Point to a specified Delivery Point(s), in accordance with the Rules and Regulations of this and other applicable tariffs.
Vol. %	Percent by volume.
Wt. %	Percent by weight.

ITEM 20. Owner and Operator	
20.1	The Pipeline System covered by this Tariff is owned and operated by Kinder Morgan Crude & Condensate LLC (Carrier).
20.2	Notices should be directed to Carrier at the address specified below: Kinder Morgan Crude & Condensate LLC Attention: Vice President, Business Development 1001 Louisiana Street, Suite 1000 Houston, Texas 77002 and payments should be directed to Carrier at the address specified in the invoices.

ITEM 25. Product Specification (Amends Sect. 1-1)																																																																		
25.1	Petroleum Crude & Condensate refers to product which is the direct virgin liquid hydrocarbon production from oil or gas wells, or a blend of such with indirect liquid production in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as a whole crude petroleum or for acceptability to be commingled with other crude petroleum, excluding any and all effects of normal separating, gathering and stabilization operations.																																																																	
25.2	Further, Petroleum Crude & Condensate must meet ASTM methods, substantially distilled below nine hundred (900) degrees Fahrenheit.																																																																	
25.3	Petroleum Crude & Condensate shall meet the following detailed specifications: [W]																																																																	
	<table border="1"> <thead> <tr> <th>QUALITY</th> <th>UNITS</th> <th>MIN</th> <th>MAX</th> <th>TEST METHODS</th> </tr> </thead> <tbody> <tr> <td>Viscosity</td> <td>cSt</td> <td></td> <td>5.0</td> <td>ASTM D445</td> </tr> <tr> <td>Sulfur</td> <td>wt%</td> <td></td> <td>0.5</td> <td>ASTM D5453, D2662</td> </tr> <tr> <td>Reid Vapor Pressure</td> <td>psi</td> <td></td> <td>10.0</td> <td>ASTM D6377-10</td> </tr> <tr> <td>True Vapor Pressure</td> <td>psi</td> <td></td> <td>11.0</td> <td>ASTM D6377-10</td> </tr> <tr> <td>BS&W</td> <td>vol%</td> <td></td> <td>1.0</td> <td>ASTM D4007</td> </tr> <tr> <td>Organic Chlorides</td> <td>ppm</td> <td></td> <td><3.0</td> <td>ASTM 4929</td> </tr> <tr> <td>Olefins</td> <td>wt%</td> <td></td> <td><1.0</td> <td>ASTM 6729</td> </tr> <tr> <td>Mercaptans</td> <td>wt%</td> <td></td> <td><0.050</td> <td>ASTM 5623</td> </tr> <tr> <td>H₂S</td> <td>ppm</td> <td></td> <td>10</td> <td>ASTM 5623</td> </tr> <tr> <td>Distillations</td> <td>deg. F pt</td> <td></td> <td>Report</td> <td>ASTM D7169, D2887</td> </tr> <tr> <td>Gravity (API) at 60° F</td> <td>API°</td> <td>36</td> <td>65</td> <td>ASTM D287</td> </tr> <tr> <td>Benzene</td> <td>wt%</td> <td></td> <td>3.0%</td> <td>ASTM D6729</td> </tr> </tbody> </table>	QUALITY	UNITS	MIN	MAX	TEST METHODS	Viscosity	cSt		5.0	ASTM D445	Sulfur	wt%		0.5	ASTM D5453, D2662	Reid Vapor Pressure	psi		10.0	ASTM D6377-10	True Vapor Pressure	psi		11.0	ASTM D6377-10	BS&W	vol%		1.0	ASTM D4007	Organic Chlorides	ppm		<3.0	ASTM 4929	Olefins	wt%		<1.0	ASTM 6729	Mercaptans	wt%		<0.050	ASTM 5623	H ₂ S	ppm		10	ASTM 5623	Distillations	deg. F pt		Report	ASTM D7169, D2887	Gravity (API) at 60° F	API°	36	65	ASTM D287	Benzene	wt%		3.0%	ASTM D6729
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ITEM 25. Product Specification (Amends Sect. 1-1) (continued)					
	<u>Quality Parameters</u>	<u>Units</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Test Methods</u>
	[N] <u>Acid Number</u>	<u>mg KOH/g</u>	<u>Report</u>		<u>ASTM D664</u>
	<u>API Gravity, at 60°F</u>	<u>API °</u>	<u>30</u>	<u>65</u>	<u>ASTM D287, D5002</u>
	<u>Benzene</u>	<u>wt. %</u>		<u>3.0</u>	<u>ASTM D6730mod, D7900</u>
	<u>H2S in Vapor Space</u>	<u>ppm</u>		<u>10</u>	<u>ASTM D5705</u>
	<u>Mercaptan Sulfur</u>	<u>wt. %</u>		<u>0.050</u>	<u>UOP 163</u>
	[N] <u>Metals: V, Ni, Fe</u>	<u>ppm</u>	<u>Report</u>		<u>ASTM D5708</u>
	<u>Organic Chloride</u>	<u>ppm</u>		<u>3.0</u>	<u>ASTM D4929</u>
	<u>Reid Vapor Pressure</u>	<u>psi</u>		<u>10.0</u>	<u>ASTM D6377</u>
	<u>Sediment & Water</u>	<u>vol. %</u>		<u>1.0</u>	<u>ASTM D4007</u>
	<u>Sulfur Content</u>	<u>wt. %</u>		<u>0.5</u>	<u>ASTM D2622, D4294</u>
	<u>True Vapor Pressure</u>	<u>Psi</u>		<u>11.0</u>	<u>ASTM D6377</u>
	<u>Viscosity, at 104°F/40°C</u>	<u>cSt</u>		<u>10</u>	<u>ASTM D445</u>
25.4	Carrier reserves the right to refuse any Petroleum Crude & Condensate that contains any excessive metals, chemicals, salts, refinery or chemical plant process or by-product materials, or contains any other material which may be injurious to Carrier's Pipeline System or which may adversely affect the refining process, as determined by Carrier.				
25.5	SHIPPER SHALL INDEMNIFY, REIMBURSE AND HOLD THE CARRIER, ITS PARENTS AND AFFILIATES, AND ITS AND THEIR RESPECTIVE MEMBERS, MANAGERS, PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS, INCLUDING THE OPERATOR AND ITS PARENTS AND AFFILIATES, AND ITS AND THEIR RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, PENALTIES, TREATING OR BLENDING FEES, LOSSES, COSTS, EXPENSES, LIABILITIES OR DAMAGES OF ANY KIND OR NATURE (INCLUDING REASONABLE ATTORNEY'S FEES AND COURT COSTS ASSOCIATED THEREWITH) ARISING OUT OF OR RELATED TO SHIPPER'S DELIVERY TO CARRIER OF PETROLEUM CRUDE & CONDENSATE NOT MEETING THE THEN APPLICABLE QUALITY SPECIFICATIONS PURSUANT TO THIS TARIFF.				

ITEM 30. Transportation Covered	
30.1	Carrier makes available pipeline transportation between Receipt Point and Delivery Point specified herein, subject to the terms and conditions of this tariff.
30.2	For Petroleum Crude & Condensate accepted for transportation from any Receipt Point on Carrier's lines as of the effective date of this tariff not named in the individual tariffs, which is intermediate to any published Receipt Point and/or Delivery Point for which rates are published, Carrier will apply from such unnamed point the rate published from the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the lowest charge.
30.3	For Petroleum Crude & Condensate accepted for transportation to any Delivery Point on Carrier's lines as of the effective date of this tariff not named in the individual tariffs, which is intermediate to any published Delivery Point and/or Receipt Point for which rates are published, Carrier will apply to such unnamed point the rate published to the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the lowest charge.
30.4	Any other Receipt Point or Delivery Point requested by Shipper shall be subject to Item 160 herein.

ITEM 40. Nominations	
40.1	All Shippers and Consignees desiring to ship or receive Petroleum Crude & Condensate through the pipelines of Carrier shall nominate in writing, providing the following information needed by Carrier to schedule and dispatch each shipment of Petroleum Crude & Condensate: kind, quantity, and Receipt Point, sequence of delivery, Delivery Point and Shipper of each proposed Petroleum Crude & Condensate shipment. Nominations must be received by the Final Nomination Deadline of 3:00 p.m. Central Time on the fifteenth (15 th) day (excluding Carrier holidays) of the month preceding the month in which Shipper desires to ship. Carrier will inform Shippers of Carrier holidays at the time they become Shippers and thereafter on January 15 of each year, in the event the holidays are changed.
40.2	Nominations or changes in nominations received after the Final Nomination Deadline will not be accepted from the Final Nomination Deadline date to the first day of the following month. After the first of the month, changes will be accepted only in writing and only if space is available and the additional or changed nominations do not impair the pipeline operation or movement of Petroleum Crude & Condensate nominated prior to the Final Nomination Deadline.
40.3	By the twenty eighth (28 th) day of the month, Carrier will issue a schedule to the Shipper providing the date and time for the receipt and delivery of Shippers batch as noted in Item 60 Scheduling.
40.4	All Nominations must contain a final Delivery Point to be accepted.
40.5	In the event the total non-committed Nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the non committed capacity will be prorated equitably among the non-committed Shipper's according to Item 110, Proration, of this tariff.

ITEM 50. Minimum Tender (Amends Sect. 1-7)	
50.1	Petroleum Crude & Condensate will be accepted at Receipt Point for transportation under this tariff in shipments of not less than twenty-five thousand (25,000) Barrels from one Shipper.
50.2	Petroleum Crude & Condensate will be accepted at Delivery Point for transportation under this tariff in shipments of not less than twenty-five thousand (25,000) Barrels from one Shipper to one Consignee and Delivery Point.

ITEM 60. Scheduling	
60.1	For each calendar month, Carrier will establish a sequence for pumping Petroleum Crude & Condensate through its trunk lines and will schedule the approximate time when Petroleum Crude & Condensate offered for shipment will enter and leave the Pipeline System.
60.2	Carrier will inform each Shipper of the time within each calendar month when Petroleum Crude & Condensate will be tendered by Shipper at Receipt Points and Carrier will inform each Shipper or his Consignee of the approximate time within each calendar month when Petroleum Crude & Condensate will arrive at predetermined Delivery Point(s).
60.3	A change in Delivery Point may be made without charge if requested by Shipper and approved by Carrier prior to arrival at original Delivery Point subject to the rates, rules, and regulations applicable from Receipt Point to final Delivery Point, provided then current pipeline operations of Carrier will permit such a change of Delivery Point. Such a request must be in writing.

ITEM 70. Duty of Carrier	
70.1	Carrier will receive, transport, and deliver Petroleum Crude & Condensate with reasonable diligence and dispatch. Shipper or Consignee will be notified twenty-four (24) hours prior to the arrival of a shipment of Petroleum Crude & Condensate.

ITEM 80. Facilities Required (Amends Sect. 1-5)	
80.1	Shipments will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to Carrier capable of delivering the Petroleum Crude & Condensate at the Receipt Point(s) specified by Shipper at pressures and pumping rates required by Carrier
80.2	Shipments will be accepted for transportation hereunder only when Shipper or Consignee has provided facilities satisfactory to Carrier capable of receiving the Petroleum Crude & Condensate at the Delivery Point specified by Shipper at pressures and pumping rates required by Carrier

ITEM 90. Testing (Amends Sect. 1-9)	
90.1	Carrier may require from each Shipper a certificate from a qualified, competent, independent laboratory setting forth, in detail, the specifications of each shipment of Petroleum Crude & Condensate proposed for transportation. Additionally, before or after acceptance of the Tender of shipment, Carrier shall have the right to conduct such test on the Petroleum Crude & Condensate proposed for shipment as Carrier deems appropriate.
90.2	Any additive or inhibitor to be included in any shipment must first be approved by Carrier in writing before such shipment will be accepted for transportation
90.3	No Petroleum Crude & Condensate will be accepted which has been contaminated by any excessive metals or chemicals including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic and/or lead. Topped crude mixtures, chemical plant by-products, and refinery residues will not be accepted for shipment.
90.4	All sampling and quality testing by Carrier shall be made in accordance with the most recently approved publication and methods of API and ASTM.

ITEM 100. Measurement and Adjustments (Amends Sect. 1-9)	
100.1	All Shipments for transportation may be tested, gauged or metered by a representative of Carrier prior to, or at the time of, receipt from the Shipper for delivery to Carrier. Shipper or Consignee shall have the privilege of being present or represented during the testing, gauging or metering. Shipper or Consignee shall give Carrier 24 hours notice of its desire to be present during testing, gauging or metering.
100.2	Quantities shall be measured in Net Standard Volume in accordance with current API Manual of Petroleum Measurement Standards. A full deduction will be made for sediment & water.
100.3	In addition to deductions for losses as provided for in Item 170, Liability of Parties, of this tariff, Petroleum Crude & Condensate quantities received for transportation will be adjusted to cover losses inherent to pipeline transportation. Carrier shall deduct on a monthly basis from volumes received at the Receipt Points: (1) one-fourth of one percent (0.0025) per Barrel of Petroleum Crude & Condensate with an API gravity at or below forty-five (45) degrees Fahrenheit or (2) three-eighths of one percent (0.00375) per Barrel of Petroleum Crude & Condensate with an API gravity of more than forty-five (45) degrees Fahrenheit.
100.4	The net balance, after deductions specified in Items 100.2 and 100.3 above, will be the quantity deliverable by Carrier. Carrier will furnish to each Shipper a monthly statement of (1) volumes received by Carrier for the account of that Shipper, (2) volumes delivered for Shipper's account to each Consignee, and (3) volumes in inventory.

ITEM 110. Proration – Applies Only to Non-Committed Shippers (Amends Sect. 1-16)	
110.1	When, pursuant to Item 40 Nominations herein, there shall be offered to the Carrier more Petroleum Crude & Condensate than can be immediately transported, the transportation shall be apportioned by the Carrier among all Uncommitted Shippers on an equitable basis in accordance with the KMCC System Proration Procedure, which is available at www.kindermorgan.com . ①
110.2	Committed Shipper volumes shall be excluded from proration only to the extent their volumes are guaranteed under the Transportation Services Agreement with the Carrier. Committed Shipper volumes in excess of the Committed amount will be subject to proration along with Uncommitted Shipper volumes.

ITEM 120. Payment of Transportation and Other Charges	
120.1	Transportation charges will be assessed and collected by Carrier at the rates in effect as provided in Item 130, Rates Applicable Receipt Based System, of this tariff on the basis of Net Standard Volume actually delivered at the Delivery Point after making adjustments provided in Item 100, Measurement and Adjustment, of this tariff.
120.2	Shipper and Consignee shall be jointly and severally liable for the payment of gathering and transportation charges, fees, and other lawful charges accruing to or due Carrier by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on Petroleum Crude & Condensate delivered by Carrier to Consignee. All accrued charges are due on delivery of Petroleum Crude & Condensate by Carrier to Consignee.
120.3	Shipper or Consignee shall pay the transportation and all other charges applicable to the shipment. If charges are not paid by the due date, the amount unpaid as set forth in the invoice shall bear interest from and after the date payment was due at an annual rate equal to the lesser of the following: (a) one percent (1%) per annum greater than the Prime Rate, until the date of payment; or (b) the maximum lawful amount of interest, until the date of payment.
120.4	The interest unpaid at the end of each month shall be added to the amount due hereunder for the purposes of the calculation of interest due the next month. In addition, if Shipper owes any amounts which are past due in excess of 10 days, Carrier, at its election, may, to the extent permitted under Applicable Laws, <ul style="list-style-type: none"> (a) refuse to accept Product from Shipper for handling or transporting under this Agreement, (b) refuse to deliver Product to Shipper at the Delivery Point, (c) require Shipper to pre-pay prior to further acceptance of Petroleum Crude & Condensate for shipment under this Agreement, or (d) any combination of (a), (b) and (c).
120.5	Carrier may require that all payments to Carrier for services pertaining to the transportation of Petroleum Crude & Condensate be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.
120.6	Payment for losses in excess of Carrier's loss allowance (Item 100) shall be made in kind.
120.7	In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will 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 by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (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 any 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 to 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 under such requirement is fully met.
120.8	Carrier shall have a self-executing lien on all Petroleum Crude & Condensate in its possession belonging to Shipper to secure the payment of any and all charges owed by Shipper to Carrier, whether under one of Carrier's tariff, a TSA or any other agreement, that are due Carrier that are unpaid by Shipper, and Carrier may withhold such Petroleum Products from delivery until all unpaid charges have been paid. Such lien shall take effect at the Receipt Point at which the Petroleum Crude & Condensate are received into Carrier's System and it shall be in addition to any and all other rights and remedies Carrier has at law or in equity.

ITEM 120. Payment of Transportation and Other Charges (continued)	
120.9	If any charges owed to Carrier by Shipper, whether under one of Carrier's tariffs, a TSA or any other agreement, remain unpaid 60 days after the due date stated on Carrier's invoice for such charges, Carrier may either (i) apply any open credits due Shipper towards such unpaid charges, or (ii) collect such unpaid charges by selling Shipper's Petroleum Crude & Condensate at a public or private sale in a legal and commercially reasonable manner. Carrier, or its affiliates, may be a purchaser at such sale. In addition to using the proceeds of such sale to satisfy Shipper's indebtedness to Carrier, including any interest that has accrued on such indebtedness, Carrier may also use the proceeds of the sale to pay itself for all expenses related to preparing for and conducting the sale, the care and maintenance of the Petroleum Crude & Condensate, and to the extent allowed by Applicable Law, reasonable attorneys' fees and legal expenses incurred by Carrier.

ITEM 130. Rates Applicable: Receipt Based Systems	
130.1	The rate which shall apply to the transportation of Petroleum Crude & Condensate shall be the rate in effect on the date and time Petroleum Crude & Condensate is received by Carrier for transportation. Likewise, the Rules and Regulations which shall govern the transportation of Petroleum Crude & Condensate shall be the Rules and Regulations in effect on the date and time Petroleum Crude & Condensate is received by Carrier for transportation.
130.2	Volumes transported will be billed based on the delivery meter and the rate in effect for the delivery point.

ITEM 150. Demurrage Charges (Amends Sect. 1-10)	
150.1	Shipper shall be notified of Shipper's inability to receive Petroleum Crude & Condensate handled within two (2) hours of scheduled delivery time. Petroleum Crude & Condensate not removed at the close of four (4) hours from said notice will be charged a demurrage charge of [U] one dollar (\$1.00) per barrel per day until removed.
150.2	Four hours after the notification in Item 150.1, Carrier reserves the right to make whatever arrangements for disposition of the Petroleum Crude & Condensate it deems appropriate in order to clear its pipeline including sale or transfer of product to a third party. Any expense incurred by Carrier in making such arrangements shall be borne by Shipper or Consignee, which charges are in addition to transportation charges accruing to Shipper or Consignee.

ITEM 160. Connection Policy	
160.1	Connections to Carrier's pipeline(s) will only be considered if made by formal written notification to Carrier. A separate connection agreement, in accordance with this Tariff, shall be required with any proposed Shipper seeking a connection with Carrier before any duty of transportation for said proposed Shipper shall arise.
160.2	Cost and responsibility will be negotiated between Carrier and Shipper prior to construction.
160.3	All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of Carrier's pipeline(s) in accordance with generally accepted industry standards.
160.4	Acceptance of any request for connection will be subject to compliance with governmental regulations.
160.5	Carrier shall have sole discretion to specify the design requirements of any new connection.

ITEM 170. Liability of Parties (Amends Sect. 1-19)	
170.1	As a condition to Carrier's acceptance of Petroleum Crude & Condensate under this tariff, each Shipper agrees to defend, indemnify and hold harmless Carrier against claims or actions for injury and/or death of any and all persons whomever and for damage to property of or any other loss sustained by 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 Crude & Condensate.
170.2	Neither Shipper nor Carrier shall be liable in damages or in any other remedy, legal or equitable, to the other for nonperformance or delay in performing, its obligations under this tariff or, in the case of Shipper or its Affiliates, its ability to drill, complete and operate its oil and/or gas wells located in South Texas, to the extent such nonperformance or delay is due or results from a Force Majeure Event or Enumerated Circumstance and neither person shall be required to perform hereunder (other than an obligation to make payments due and owing under the pipeage contract to the extent and for the duration of any Force Majeure Event or Enumerated Circumstance.
170.3	<p>Definition. "Force Majeure Event" means any act, event, condition or occurrence that (a) prevents the affected Shipper or Carrier from performing its obligations under this tariff; (b) is unforeseeable and beyond the reasonable control of and not the fault of the affected Shipper or Carrier; and (c) such affected Shipper or Carrier has been unable to overcome by the exercise of due diligence. "Enumerated Circumstance" means any the following acts, events, conditions and occurrences.</p> <ul style="list-style-type: none"> (i) act of God, fire, lightning, landslide, earthquake, storm, hurricane, flood, washout, or explosion; (ii) act of war, act of terrorism, blockade, insurrection, riot, order or act of civil or military authority; (iii) breakage, damage, or destruction of or accident or damage to machinery, equipment, or lines of pipe, necessity to make unscheduled or unexpected replacements, repairs, tests, or alterations to machinery, equipment or lines of pipe, or line freeze-up; or (iv) act, order, or requisition of any Governmental Authority.
170.4	Notwithstanding anything to the contrary set forth in this tariff, none of the following shall, under any circumstances, constitute a Force Majeure Event or Enumerated Circumstance: (a) the lack of financial resources, or the inability of a Party to secure funds or make payments as required by this or any other Agreement; (b) adverse market, financial, or other economic conditions including changes in market conditions, including changes that either directly or indirectly affect the demand for or price of petroleum products, natural gas products or Petroleum Crude & Condensate; (c) availability of more attractive markets for Petroleum Crude & Condensate; (d) Shipper's inability to receive, transport, and or deliver Petroleum Crude & Condensate to, on, or from the Carrier's pipeline under the terms of this tariff in a manner that Shipper deems economic; (e) Carrier's inability to receive, transport, and/or redeliver any Petroleum Crude & Condensate on Shipper's behalf under the terms of this tariff in a manner that Carrier deems economic; or (f) inefficiencies in operations.
170.5	<p>Shipper or Carrier affected by the Force Majeure Event or Enumerated Circumstance shall:</p> <ul style="list-style-type: none"> (i) promptly, but in all cases within five (5) days of the date the affected Shipper or Carrier had knowledge of the Force Majeure Event or Enumerated Circumstance, notify the other person in writing giving reasonably full particulars of the cause and expected duration of the Force Majeure Event or Enumerated Circumstance; (ii) keep the other Shipper or Carrier informed of all significant developments; (iii) describe in its initial notice the efforts undertaken, or to be undertaken, by the affected Shipper or Carrier to avoid, overcome the impacts of, or remove the Force Majeure Event or Enumerated Circumstance and to minimize the potential adverse affects of nonperformance due to the Force Majeure Event or Enumerated Circumstance; and (iv) not be relieved of liability for a Force Majeure Event or Enumerated Circumstance in the event such person fails to comply with the requirements of this Section 170.5.

ITEM 170. Liability of Parties (Amends Sect. 1-19) (continued)	
170.6	The settlement of strikes or lockouts or resolution of differences with workers shall be entirely within the discretion of the affected Shipper or Carrier, and the above requirement that any Force Majeure Event or Enumerated Circumstance be remedied as soon as reasonably practicable shall not require the settlement of strikes, lockouts, or differences by acceding to the demands of the opposing person in such strike, lockout, or difference when such course is inadvisable in the reasonably exercised discretion of the affected person.
170.7	Shipper or Carrier that suspends performance for a claimed Force Majeure Event or Enumerated Circumstance shall take all steps that are commercially reasonable to mitigate the damages to either person arising therefrom.
170.8	No risk of fire, storm, flood, or act of God, and no risk resulting from 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, shall be borne by Carrier, or shall any liability accrue to it from any damage thereby occasioned. If loss of any Petroleum Crude & Condensate from any cause whatsoever, except in the case of Carrier's negligence, occurs after it has been received for transportation, and before it has been delivered to the consignee, the Shipper shall bear a loss in such proportion as the amount of his shipment is to all of the Petroleum Crude & Condensate held in transportation by the Carrier at the time of such loss, and the Shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due portion of such loss, but in such event the Shipper shall be required to pay charges only on the quantity of Petroleum Crude & Condensate delivered.

ITEM 180. Line Fill	
180.1	Carrier will operate line as a batch system maintaining the integrity of each batch to the extent possible. Shipper will receive product when his designated batch arrives at the Delivery Point.

ITEM 190. Pipeage or Other Contracts Required	
190.1	Separate pipeage and other contracts in accordance with these rules and regulations covering further details may be required by Carrier before any duty for transportation shall arise.

Explanation of Reference Marks	
Reference Mark	Explanation
①	A current copy of Carrier's Proration Policy is located on Carrier's website using the following procedure: <ul style="list-style-type: none"> • Access Website www.kindermorgan.com • Select "Products Pipelines" • Select [W] "Eagle Ford Operations" "Crude Operations". • Select "Kinder Morgan Crude and Condensate Pipeline" • Select "Tariffs". • Select "Proration Policy". • The current copy of this manual is dated 10/02/2013
[N]	New
[U]	Unchanged rate
[W]	Change in Wording Only