

# ORYX DELAWARE OIL TRANSPORT LLC

LOCAL TARIFF

CONTAINING

## **RULES, REGULATIONS AND RATES**

GOVERNING THE GATHERING

OF

**CRUDE PETROLEUM**

BY PIPELINE

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Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such references will include subsequent reissues hereof.

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

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Oryx Delaware Oil Transport LLC is the operator of the pipeline providing service under this tariff

P-5 Operator ID: 627137 and T-4 Permit: 09761 of Oryx Delaware Oil Transport LLC

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**SECTION I**  
**RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS**  
**RULE 71. PIPELINE TARIFFS**

The following nineteen (1-19) rules are reprinted here pursuant to the requirements of the Railroad Commission of Texas Title 16 Part 1 Chapter 3 Rule §3.71. The Rules and Regulations set forth in this Section I may be modified by the Rules and Regulations contained in Section II.

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.”

**Rule 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 2.0% 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.

**Rule 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 the 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 (90° F), 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.

**Rule 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 (60° F).

**Rule 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.

**Rule 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.

**Rule 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.

**Rule 7. Minimum Quantity to Be Received.**

A pipeline shall not be required to receive less than one tank car-load 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.

**Rule 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.

**Rule 9. Measuring, Testing, and Deductions (Reference Special Order Number 20-63,098 Effective June 18, 1973).**

Except as provided in subparagraph (B) of this paragraph, all crude petroleum 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 or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.

As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude petroleum 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 operated 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 petroleum or condensate.

Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit (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 obligations imposed by the laws of Texas on any producer or shipper of crude petroleum.

A transfer of custody of crude petroleum between transporters is subject to measurement as agreed upon by the transporters.

**Rule 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 Rule 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 Rule 5 of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in Rule 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.

**Rule 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 be not 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.

**Rule 12. Notice of Claim.**

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.

**Rule 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.

**Rule 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.

**Rule 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 section.

**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.

**Rule 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.

**Rule 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 therefor, and under regulations by the commission.

**Rule 19.** Reports of Loss from Fires, Lightning, and Leakage.

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.

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, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude petroleum 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 proportion of such loss, but in such even the shipper shall be required to pay charges only on the quantity of oil delivered. This section shall not apply if the loss occurs because of negligence of the pipeline.

Common carrier pipelines shall mail (return receipt requested) or hand deliver 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.

## SECTION II DEFINITIONS AND RULES AND REGULATIONS

The requirements of this Section II will be in addition to the requirements set forth in Section I. In case of discrepancies in the requirements between the Sections, the requirements in this Section II will take precedence and govern over the requirements in Section I, to the extent permitted by Applicable Law.

### 1. DEFINITIONS

“Actual Shipments” means the Barrels of Product that a Shipper delivered to Carrier at an Origin Point for transportation on Carrier’s System during a particular month. For any month during the Base Period that a Shipper does not ship on Carrier’s System, the Shipper’s Actual Shipments for that month will be considered zero.

“Affiliate” means, as to any Person and subject to the provisions of an applicable COGA, any other Person, whether of a similar or dissimilar nature, that (i) controls, either directly or indirectly, such Person, (ii) is controlled either directly or indirectly, by such Person, or (iii) is controlled, either directly or indirectly, by a Person which directly or indirectly controls such Person. As used in this definition, “control” means the ownership of fifty percent (50%) or more of the voting interests in such entity (or the right to exercise or direct the management or policies of such entity).

“A.P.I.” means the American Petroleum Institute.

“A.P.I. Gravity” means gravity determined in accordance with the ASTM Designation set out in Item 3.

“Applicable Law” means all applicable local, state and federal constitutions, laws (including common law), treaties, statutes, orders, decrees, rules, regulations, codes, and ordinances issued by any Governmental Authority, and including judicial or administrative orders, consents, decrees, and judgments, and determinations by, or interpretations of any of the foregoing by any Governmental Authority having jurisdiction over the matter in question and binding on a given Party or its respective assets.

“ASTM” means the American Society for Testing Materials.

“Barrel” means forty-two (42) United States gallons (each two hundred thirty-one (231) cubic inches) at a temperature corrected to sixty degrees (60°) Fahrenheit.

“Base Period” means the twelve (12)-calendar month period beginning thirteen (13) calendar months prior to the Proration Month and excluding the calendar month immediately preceding the Proration Month. If Carrier has been in operation less than twelve (12) calendar months, then the Base Period shall be the number of calendar months during which Carrier has been in operation, excluding the month preceding the Proration Month.

“Carrier” means Oryx Delaware Oil Transport LLC.

“Change in Law” means the adoption, implementation, change in interpretation, or amendment of



any Applicable Law by any Governmental Authority after the effective date of this tariff that imposes new or additional requirements or obligations with respect to Carrier's System (including the ownership and operation thereof) and causes Carrier to incur or be subject to the obligation to prospectively incur additional expenses, commitments or obligations in order to comply with such Applicable Law.

"Change in Law Event" means the occurrence of a Change in Law that necessitates the expenditure, commitment or obligation of or for Compliance Costs.

"COGA" means a crude oil gathering agreement entered into between a Committed Shipper and Carrier for the gathering of Product on the System.

"Commercially Reasonable" means sound and prudent practices in a manner commercially reasonable under the then existing circumstances and in a manner consistent with or better than industry standards at the applicable point in time.

"Committed Shipper" means any Shipper with which Carrier has executed a COGA.

"Compliance Costs" means all expenses, commitments or obligations in excess of one million dollars (\$1,000,000) incurred by Carrier or required to be incurred by Carrier to comply with a Change in Law, irrespective of whether such expenses, commitments or obligations are to be incurred as a one-time expenditure or periodically for an extended period.

"Consignee" means the Person to whom a Shipper has ordered the delivery of Product at the Destination Point.

"Consignor" means the Person from whom a Shipper has ordered the receipt of Product at an Origin Point.

"Declaring Party" means the Party experiencing an event of Force Majeure.

"Deemed Volume Commitment" means the volume of Product, if any, set forth in Exhibit B of a Committed Shipper's COGA that a Committed Shipper will be deemed to have shipped during each month of such Committed Shippers COGA.

"Destination Point" means the delivery point(s) on Carrier's System where Product is delivered to Shipper, as such points are specified in Section III of this tariff.

"Downstream Third-Party Facilities" means those pipelines and other facilities located downstream of Carrier's System that are owned and/or operated by Persons who are not Carrier or Affiliates of Carrier.

"Encumbered Product" has the meaning set forth in Item 14(B).

"Excess Line Fill" has the meaning set forth in Item 13(B).

"Force Majeure" means any cause or interrelated causes not reasonably within the control of the Declaring Party and which is not able to be prevented or overcome by the exercise of reasonable diligence of the Declaring Party. To the extent they satisfy the foregoing definition, examples of Force Majeure may include: any acts of God; strikes, lockouts or other labor disputes or

disturbances (the settlement of strikes, lockouts or labor disputes being entirely within the Declaring Party's discretion); acts of the public enemy, sabotage, terrorism, wars, blockades; insurrections, riots and other civil disturbances; epidemics; landslides, floods, lightning, earthquakes, fires, tornadoes, hurricanes, or other severe or extreme weather events, and warnings for any of the foregoing which may necessitate the precautionary shut-down of wells, plants, pipelines, gathering systems, loading facilities, refineries, terminals or any portion thereof, or other related facilities; arrests and restraints of governments (either federal, state, civil or military); explosions, breakage or accidents to equipment, machinery, plants or any portion thereof, or lines of pipe, or the unscheduled maintenance, repairs or alterations to any of the foregoing, freezing of lines of pipe, partial or complete failure of wells irrespective of whether such wells or lines are operated by a Party; unscheduled maintenance of the facilities used by a Party or its Affiliates to perform their obligations under this Agreement; constraints on or physical disruption to Downstream Third-Party Facilities that are directly connected to a Party's facilities used herein, to the Destination Point or to the Trans Permian Pipeline System; refusal or other failure to accept Product by Persons owning or operating Downstream Third-Party Facilities that are directly connected to a Party's facilities used herein, to the Destination Point or to the Trans Permian Pipeline System; inability to secure permits or access rights after the exercise of diligent efforts, which are required for the Declaring Party's performance hereunder; electric power shortages or outages; the necessity for compliance with any court order, or any Applicable Law promulgated or amended by a Governmental Authority having or asserting proper jurisdiction after the effective date of a COGA or the effective date of the relevant tariff, as applicable; and other causes of a similar nature not reasonably within the control of the Declaring Party. Force Majeure also includes any event of force majeure occurring with respect to the facilities or services of the Declaring Party's Affiliates or service providers providing a service or providing any equipment, goods, supplies or other items necessary to the performance of the Declaring Party's obligations hereunder, in each case only to the extent not reasonably within the control of the Declaring Party's Affiliates and which is not able to be prevented or overcome by the exercise of reasonable diligence of the Declaring Party or the Declaring Party's Affiliates. Notwithstanding anything to the contrary set forth in a COGA or this tariff, as applicable, none of the following shall, under any circumstance, constitute a Force Majeure event: (i) the lack of financial resources, or the inability of a Party to secure funds or make payments as required by its COGA or this tariff, as applicable, absent the other Party's breach of its COGA or this tariff which has a material effect on such Party, (ii) adverse market, financial or other economic conditions including changes in market conditions that either directly or indirectly affect the demand for or price of Product, (iii) availability of more attractive markets for Product or gathering services for gathering the Product, or (iv) in the case of Carrier, capacity curtailments on the System due to Carrier's failure to operate and maintain the System in a Commercially Reasonable manner.

"Governmental Authority" or "Governmental Authorities" means any governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, bureau or political subdivision, and any court, tribunal or judicial or arbitral body (whether national, federal, state or local or, in the case of an arbitral body, whether governmental, public or private), having jurisdiction over any Party or its respective assets.

"Guarantee" has the meaning set forth in Item 18(A).

"LACT Units" or "LACT" means the Lease Automatic Custody Transfer units that, among other things, measure the volume and quality of the Product entering or leaving the System.

“Line Fill” has the meaning set forth in Item 13(A).

“New Shipper” is any Shipper that is not a Regular Shipper.

“Nomination,” “Nominate,” or “Nominated” means a written communication (in form and context specified by Carrier) made by a Shipper to Carrier of a quantity of Product for gathering on the System from a specified Origin Point to a specified Destination Point in accordance with the terms of this tariff.

“Notification” has the meaning set forth in Item 13(C)(3).

“Off-Spec Product” has the meaning set forth in Item 3(E).

“Origin Point” means the receipt/inception point(s) where Product is received into the System, as such points are specified in Section III of this tariff.

“Party” shall refer to either Shipper or Carrier, individually, and “Parties” shall refer to Carrier and Shipper, collectively.

“Person” means any individual, corporation, limited liability company, partnership, trust or other entity, or any Governmental Authority.

“Prime Rate” has the meaning set forth in Item 17(C).

“Product” means liquid hydrocarbons that meet the Quality Specifications set forth in Item 3(A).

“Proration Month” means the month for which System Capacity is to be allocated under Item 7.

“Qualified Institution” means the domestic office of a commercial bank or trust company that is not an Affiliate of Shipper and that has assets of at least \$10 billion and an investment-grade credit rating as established by Standard and Poor’s and Moody’s.

“Quality Specifications” has the meaning set forth in Item 3(A).

“Regular Shipper” is (i) a Committed Shipper, or (ii) a Shipper that has shipped Product on Carrier’s System during each calendar month of the Base Period; *provided*, that a Shipper that has shipped product on Carrier’s System during the first calendar month of operations will be deemed to be a Regular Shipper for purposes of administering Item 7 of this tariff during the first twelve (12) calendar months of operations.

“Shipper” means a party that contracts with Carrier for the gathering of Product on the System in accordance with this tariff and any other applicable tariffs of Carrier, and shall include Committed Shippers, Uncommitted Shippers, and Third Party Shippers.

“System” means that portion of Carrier’s pipeline system including all appurtenances thereto, and the associated facilities and improvements related to the provision of gathering services provided by Carrier pursuant to this tariff.

“System Capacity” means the available operational capacity of the System at any applicable point in time, as such amount may vary from time to time pursuant to any contractual arrangements entered into by Carrier.

“Tender” or “Tendered” means delivery by Shipper to Carrier of a stated quantity of Product for gathering from a specified Origin Point to a specified Destination Point on the System in accordance with this tariff.

“Third Party Shipper” has the meaning set forth in Item 7(I).

“Third Party Shipper Notice” has the meaning set forth in Item 7(I).

“Total Shipments” means (i) for Uncommitted Shippers, the sum of all Uncommitted Shippers’ Actual Shipments during a month, and (ii) for Committed Shippers, the sum of the greater of all Committed Shippers’ Actual Shipments or Deemed Volume Commitments during a month.

“Trans Permian Pipeline System” means that certain pipeline system owned and operated by Oryx Delaware Oil Transport LLC and governed by RRC Tariff No. 1.2.0 and any supplements thereto or reissues thereof.

“Uncommitted Shipper” means a Shipper that is not a Committed Shipper.

“Unremoved Product” means Product that Shipper fails to arrange for receipt of, or refuses to receive, upon Carrier’s delivery at the Nominated Destination Point.

## 2. COMMODITY

Carrier is engaged in the gathering on the System of Product meeting the Quality Specifications and will not accept any other commodity for gathering under this tariff.

## 3. QUALITY SPECIFICATIONS

- A. The quality specifications set forth below (collectively referred to as the “**Quality Specifications**”) shall apply to each Tender of Product by Shipper. Shipper shall not deliver to Carrier and Carrier shall not be obligated to accept from Shipper, Product that, as determined by Carrier, does not meet the specifications set forth in the following Table or that does not meet the specifications required by downstream connecting facilities:

Quality	Units	Min	Max	Reference Test Method
A.P.I. Gravity (60F)	deg. API	> 44.0	≤ 49.9*	ASTM D287 AND API MPMS CHAPTER 9
Sulfur Content	Weight %		≤ .0.4*	ASTM D4294
Reid Vapor Pressure	PSIA		9.5	ASTM D6377
True Vapor Pressure	PSIA		11.0	ASTM D6377
Basic Sediment and Water	% of Volume		≤ 1.0%	API MPMS CHAPTER 10.4

\*For Product received on Carrier’s System from tank battery receipt points located on Carrier’s “Culberson Gathering Segment,” as such receipt points are identified on Carrier’s website, the maximum A.P.I. Gravity specification shall be 55.0 (“**Higher A.P.I. Gravity Crude Petroleum**”). If acceptance of such Higher A.P.I. Gravity Crude Petroleum would result in Carrier’s delivery of Product to Culberson Gathering Segment Shippers or any other non- Culberson Gathering Segment Shippers from its common stream not meeting the Quality Specifications listed in the table above, Carrier shall implement a batching process to transport such Higher A.P.I. Gravity Crude Petroleum and provide for segregated deliveries to match the two crude specifications. Provided further that, the Sulfur Content on such Higher A.P.I. Gravity Crude Petroleum shall be less than or equal to 0.1% by weight.

- B. Carrier shall have the right to change or modify any of the Quality Specifications provided in Item 3(A) in order to conform Carrier’s Quality Specifications to the quality specifications required by upstream or downstream connecting facilities.
- C. Shipper at its cost and risk shall perform applicable tests to ensure that the Product it Tenders to Carrier for gathering on the System conforms to the applicable Quality Specifications. Carrier may also require Shipper to furnish a certificate setting forth in detail the specifications of each shipment of Product offered for gathering hereunder.
- D. Carrier or its representative may test all Product Tendered for gathering on Carrier’s System for compliance with the Quality Specifications. All such tests shall be performed by Carrier, and Shipper, Consignor, or Consignee may be present or represented at the testing provided such witnessing does not unreasonably interfere with Carrier’s operation of the System. Carrier shall provide reasonable advance notice of any such testing (other than the continuous monitoring of the System) to Shipper. Quantities shall be tested in accordance with applicable A.P.I./ASTM standards and pipeline industry practice or such other tests as deemed appropriate

by Carrier acting reasonably. All tests performed by Carrier shall be determinative unless Shipper, Consignor, or Consignee submits to Carrier, within sixty (60) days after the date of the test, appropriate documentation contesting the test. In the event of variances between Carrier's test results and Shipper's test results or the specifications contained in a certificate provided by Shipper pursuant to Item 3(C), Carrier's test results shall prevail.

- E. Carrier reserves the right to reject all Tenders of Product and refuse gathering if Carrier determines that Shipper has delivered Product that (i) does not conform to the applicable Quality Specifications, (ii) is not merchantable, (iii) is not readily acceptable for gathering through Carrier's System, and/or (iv) would expose any Person or property (including the System) to an undue risk of harm or property damage (items (i) through (iv) referred to as "**Off-Spec Product**"), all of which shall be determined by Carrier, in Carrier's reasonable discretion.
- F. In the event Shipper Tenders Off-Spec Product to the System: (i) Carrier may accept such Shipper's delivery if Carrier determines, in its reasonable discretion, that the quality of the Off-Spec Product, when commingled as a common stream in the System, will nonetheless meet the applicable Quality Specifications; *provided, however,* that Carrier may not accept Shipper's delivery of Off-Spec Product (a) if Carrier reasonably determines that the quality of Off-Spec Product, when commingled with the common stream, would not meet the Quality Specifications or (b) if the common stream is not meeting the applicable Quality Specifications; and (ii) if Carrier does not accept such Off-Spec Product in accordance with subpart (i) of this Item 3(F), Carrier may exclude such Shipper's Product from further entry into Carrier's System until such time as Shipper returns the quality of its Product to a level meeting the requirements of this tariff or Carrier determines, in its reasonable discretion, that the quality of the Off-Spec Product, when commingled as a common stream in the System, will meet the applicable Quality Specifications. Nothing contained in this tariff, any other tariff filing, any pipeage contract or gathering or transportation services agreement or any other document, nor any receipt by Carrier of Off-Spec Product (either unknowingly, as a temporary accommodation, or in its reasonable discretion), shall be construed to affect Carrier's right, at any time and from time to time, to reject Tenders of Off-Spec Product and to refuse or suspend receipt of such Off-Spec Product until it is established to Carrier's reasonable satisfaction that subsequent deliveries of Product will conform to the applicable Quality Specifications or that the quality of the Off-Spec Product, when commingled as a common stream in the System, will meet the applicable Quality Specifications. During any period when Carrier is knowingly accepting Off-Spec Product, Carrier shall (x) regularly monitor the API Gravity of the Off-Spec Product at all Origin Points from which such Off-Spec Product is knowingly accepted by Carrier, and (y) manage the cumulative volume of Off-Spec Product so accepted to reduce the likelihood of the common stream failing to meet the applicable Quality Specifications.
- G. Carrier may monitor, but is not responsible for monitoring, receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any Off-Spec Product (other than such Product accepted pursuant to Item 3(F)(i)) impacting the

normal operation of Carrier's System. Disposal thereof may be made in any reasonable manner, including, but not limited to, commercial sales. Shipper shall be liable for and shall defend, indemnify and hold Carrier harmless from and against any and all claims, actions, suits, losses, demands, costs and expenses (including reasonable attorneys' fees and costs of repairing, inspecting, cleaning and decontaminating Carrier's System or the facilities of third parties) of every kind, nature or description to the extent caused by Off-Spec Product (other than such Product accepted pursuant to Item 3(F)(i)) that Shipper has delivered into Carrier's System; PROVIDED, HOWEVER, THAT SHIPPER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR PUNITIVE DAMAGES OR LOST PROFITS OR REVENUES WITH RESPECT TO CARRIER TO ANY OFF-SPEC PRODUCT DELIVERED BY SHIPPER TO CARRIER'S SYSTEM.

- H. In addition to any other remedies available to Carrier, Carrier may also charge Shipper and Shipper agrees to pay (i) the costs and expenses incurred by Carrier related to Off-Spec Product that Shipper delivers to Carrier, including without limitation any penalties, damages, charges for testing, treating, and disposal incurred and paid by Carrier related to such Off-Spec Product, and (ii) a \$1.00 per Barrel additional fee assessable on all of Shipper's Off-Spec Product received by Carrier for gathering service during all applicable ticket periods. For purposes of application of this Item 3(H), the identification of product as "Off-Spec Product" shall be based on Carrier's testing in accordance with Item 3(D). This Item 3(H) and the remedies and fees provided for in this Item shall not apply to Off-Spec Product accepted by Carrier under Item 3(F)(i) or to Product that Carrier accepts for gathering as Higher A.P.I. Gravity Crude Petroleum.

#### **4. VARIATIONS IN QUALITY AND GRAVITY**

- A. Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Product which may occur from commingling or intermixing Shipper's Product with other Product in the same common stream while in transit. Carrier is not obligated to deliver to Shipper the identical Product Nominated and Tendered by Shipper; Carrier will deliver the grade of Product it is regularly gathering as a common stream.
- B. Carrier shall not be required to gather Product except with reasonable diligence, considering the quality of the Product, the distance of gathering and other material elements. Carrier cannot commit to delivering Product to a particular destination, at a particular time.

#### **5. MINIMUM TENDER**

Carrier may impose minimum Tender requirements on deliveries to portions of Carrier's System which have a size equal to or larger than twelve and seventy-five one hundredths (12.75) inches outside diameter to the extent reasonably necessary for the efficient operation of its System.

## 6. NOMINATIONS REQUIRED

- A. Shipper must nominate all Product that it desires to ship through the System on a properly executed Nomination identifying the month for which gathering is desired, the Origin Point at which the Product is to be received by Carrier, the Destination Point of the shipment, Consignee (if any), and the amount of Product to be gathered. Carrier may refuse to accept Product for gathering unless satisfactory evidence is furnished that Shipper or Consignor has made adequate provisions for prompt receipt of all volumes at the Destination Point.
- B. Any Shipper desiring to Nominate Product for gathering service under this tariff shall make such Nomination to Carrier in writing on or before the thirteenth (13<sup>th</sup>) day of the calendar month, before 12:00 a.m. Central Time, preceding the month during which the gathering of Product under the Nomination is to begin; *provided, however*, that if operating conditions permit, Carrier, in its sole discretion, may consider and accept Nominations submitted after the applicable date specified above.
- C. Carrier may refuse to accept Product for gathering under this tariff (i) where Shipper, Consignor, or Consignee is (1) not in material compliance with this tariff or (2) in material breach of a COGA if applicable, or (ii) where Shipper, Consignor, or Consignee is not in material compliance with all Applicable Law regulating shipments of Product.
- D. All Product Nominated by Shipper and accepted for gathering will be gathered at such time and in such quantity as scheduled by Carrier.

## 7. PRORATIONING PROCEDURES

- A. ***When System Capacity will be prorated.*** When Carrier receives more Nominations in a month for gathering of Product on Carrier's System than Carrier is able to gather, Carrier shall allocate the System Capacity under the provisions of this Item 7, subject to applicable rules and regulations. To the extent there is a Force Majeure event or other operational disruption that occurs within a gathering month, Carrier will allocate the System Capacity for any such impacted day within the gathering month in the same manner as provided in this Item 7.
- B. ***Division of System Capacity between Shipper classes.*** System Capacity will be allocated among Regular Shippers as a class and New Shippers as a class; any remaining System Capacity will be allocated in accordance with the provisions of Item 7(E).
- C. ***Allocation to New Shippers.***
  - (i) Not more than five (5) percent of the System Capacity shall be made available to New Shippers during a Proration Month.



- (ii) Each New Shipper shall be allocated an amount of System Capacity during the Proration Month that is equal to the lesser of (1) its Nomination or (2) its pro rata share of five (5) percent of the System Capacity.

D. ***Allocation to Regular Shippers.***

- (i) After the allocation of System Capacity to New Shippers pursuant to subpart (C) of this Item 7, the remaining System Capacity shall be available to Regular Shippers that have Nominated volumes for the Proration Month.
- (ii) Each Regular Shipper shall be allocated an amount of System Capacity during the Proration Month that is equal to the lesser of (1) its Nomination, or (2) its percentage share of the System Capacity available to Regular Shippers, which percentage shall be calculated by comparing the greater of a Regular Shipper's Deemed Volume Commitment (if applicable) or its Actual Shipments during the Base Period to the Total Shipments of all Regular Shippers during the Base Period.

E. ***Remaining System Capacity.*** Any remaining System Capacity not allocated through the application of Items 7(C) or 7(D) will first be allocated among all Regular Shippers having remaining unmet Nominations in proportion to each such Shipper's initial capacity allocation for the Proration Month pursuant to Item 7(D)(ii). If there remains unallocated System Capacity following this additional allocation to Regular Shippers, then the remaining unallocated System Capacity shall be allocated among all New Shippers having remaining unmet Nominations, in proportion to each such Shipper's initial capacity allocation for the Proration Month pursuant to Item 7(C)(ii). If an allocation to any Shipper pursuant to this Item 7(E) exceeds the Shipper's remaining Nomination, then the excess volume will be allocated among any Shippers that have unmet Nominations until the remaining capacity is fully allocated or all remaining Nominations have been fulfilled.

F. ***Basis for Allocation; Notification.*** When prorationing of System Capacity is in effect:

- (i) Carrier shall allocate System Capacity on a monthly basis; and
- (ii) Carrier will use reasonable efforts to notify each Shipper of its allocation as soon as reasonably practicable, but no later than the first working day of the Proration Month.

G. ***Reallocation of Unused Allocated System Capacity.*** If a Shipper does not use the portion of System Capacity allocated to it under this Item 7 at the times and in the amounts designated by Carrier for any Proration Month, Carrier may elect, in its sole discretion, to use Shipper's unused portion of System Capacity to fulfill the unmet Nominations of other Shippers, subject to such other Shipper's acceptance of such re-allocation.

H. *Failure of Shipper to Use Allocated System Capacity.*

- (i) Except as provided in Item 7(H)(ii) below, an Uncommitted Shipper or a Committed Shipper without a Deemed Volume Commitment that fails to use all of its allocated System Capacity during a Proration Month shall have its allocation of System Capacity reduced in each subsequent Proration Month until the total reductions equal the amount of the unused capacity. The amount of any such reduction shall be treated as unused allocated System Capacity and shall be reallocated among other Shippers in accordance with Item 7(G).
- (ii) Reduction of a Shipper's allocation for failure to use its allocated System Capacity during a Proration Month may be waived, in whole or in part, if Shipper's failure to use all or some of its allocated System Capacity was due to a Force Majeure event or other operational disruption.

I. *Transfer of Allocated System Capacity.* Shipper's allocation of System Capacity may be transferred as an incident of the bona fide sale of the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. In addition, subject to the limitations set forth in Item 7(I)(x) below, a Committed Shipper may, at its option, at any time and from time to time upon thirty (30) days' prior written notice to Carrier, (i) sell Product dedicated to Carrier under its COGA at any point upstream of an Origin Point, (ii) designate an agent to act on its behalf with regard to making Nominations or scheduling Barrels of Product for delivery under its COGA or (iii) use a third party shipper to deliver Barrels of Product for gathering on Carrier's System; *provided* that all such Product shall be Nominated and Tendered for gathering on the System pursuant to the terms, exclusions and reservations of the COGA and this tariff. In the event a Committed Shipper exercises such option, the Committed Shipper shall notify Carrier in writing of (1) the name, address, contact person and telephone number of the purchaser(s), agent for or recipient of the Product (the "**Third Party Shipper**"), (2) the volume of Product sold and/or delivered to the Third Party Shipper, (3) the effective date or dates of sale and/or delivery, and (4) the applicable Origin Points of such sales and Destination Points (such written notice being the "**Third Party Shipper Notice**"). Following receipt of the Third Party Shipper Notice, Carrier's determination that the Third Party Shipper has satisfied the requirements under Item 18 (Financial Assurances) of this tariff, the Third Party Shipper's execution of the Third Party Agreement in the form attached to the COGA, and the expiration of the thirty (30)-day notice period referenced above, Carrier agrees that it shall look only to the Third Party Shipper with respect to the payment of, or compliance with, any obligation with respect to the Barrels of Product sold and/or delivered by the Committed Shipper to the Third Party Shipper; *provided, however,* that (a) if the Committed Shipper sells and/or delivers less than all of the Committed Shipper's Product dedicated to Carrier under its COGA to the Third Party Shipper, the Committed Shipper shall continue to remain liable for all of its obligation under its COGA with respect to such Product not sold and/or delivered by the Committed Shipper to the Third Party Shipper and, (b)

notwithstanding any provision in this Item 7 to the contrary, the Committed Shipper shall remain obligated under and shall comply with the terms of its COGA pertaining to the Committed Shipper's acreage dedication to Carrier and related dedication of Product to Carrier. For the avoidance of doubt, a Committed Shipper shall be prohibited from utilizing a Third Party Shipper until such time as the Third Party Shipper has executed a Third Party Agreement with Carrier or otherwise has accepted in writing in accordance with the applicable assignment provisions of the Committed Shipper's COGA all of the obligations of the Committed Shipper under the Committed Shipper's COGA. The requirements set forth above shall apply to each Third Party Shipper designated by a Committed Shipper. A Committed Shipper's use of a Third Party Shipper shall be governed by the provisions set forth in such Committed Shipper's COGA. The intent of this Third Party Shipper provision is to give Committed Shipper the flexibility to use such Third Party Shippers in order to, among other things, fully utilize their contractual rights under the COGA, as well as meet their contractual obligations with Carrier. Accordingly, Uncommitted Shippers will not have the right to use a Third Party Shipper.

(x) Notwithstanding the provisions set forth in Item 7(I) above, a Committed Shipper shall be permitted to designate no more than two (2) Third Party Shippers at any given point in time, and any arrangement between a Committed Shipper and a Third Party Shipper with respect to shipments on the System made by a Third Party Shipper on behalf of a Committed Shipper must be for a period of no less than one (1) month.

J. ***Disruptions during Gathering Month.*** To the extent Carrier experiences a Force Majeure event or other operational disruption within a gathering month, Carrier shall notify Shipper of its allocation within the gathering month that has become a Proration Month as soon as reasonably practicable.

## 8. MEASUREMENT

Product delivered hereunder shall be measured in accordance with Carrier's LACT and Measurement Manual, dated January 1, 2019, as the same may be updated or amended from time to time. A copy of Carrier's LACT and Measurement Manual is available on Carrier's website at [www.oryxmidstream.com/customer-center](http://www.oryxmidstream.com/customer-center).

## 9. ORINATION FACILITIES

Carrier will receive Product from Shippers at the Origin Points on Carrier's System. Product will be received only from pipelines, tanks or other facilities that are provided by Shipper or Consignor, or a connecting carrier. Carrier will determine and advise Shippers of the size and capacity of the pipeline and/or tanks that will be needed for receipt to meet the operational conditions of Carrier's facilities at such point. Carrier will not accept a Nomination unless such facilities have been provided and conform to the operating requirements of Carrier, in Carrier's reasonable discretion.

## 10. STORAGE OF PRODUCT

- A. Carrier does not provide storage for Product, except storage incidental to gathering on Carrier's System. Carrier has the right to coordinate with downstream connecting facilities to ensure that Shipper has arranged for receipt of its Product at the Destination Point; by Nominating Product for gathering on the System, Shipper agrees to permit such coordination.
- B. When and to the extent Carrier determines space is available, Carrier will provide tankage as operationally possible for in-transit storage of Product. The tankage offered under this Item 10.B is only that constructed for normal break out tankage within Carrier's System that, from time to time, may be surplus to Carrier's normal operating needs. The terms and conditions of such in-transit storage will be governed by a separate agreement between Shipper and Carrier, to the extent applicable. Shipper must contact Carrier to inquire about current in-transit storage availability. For clarity, to the extent Shipper makes use of in-transit storage, any of Shipper's movements from such in-transit storage to the Nominated Destination Point shall be subject to prorationing pursuant to Item 7.

## 11. DESTINATION FACILITIES

Carrier will accept Product for gathering only when Shipper or Consignee has provided the necessary facilities for taking delivery of the shipment as it arrives at the Destination Point. Carrier will not accept a Nomination unless such facilities have been provided and conform to the operating requirements of Carrier, in Carrier's reasonable discretion. The cost of such facilities shall be provided at the sole cost of Shipper seeking access to Carrier's System. Shipper will be solely responsible for any additional tariffs, costs, or charges imposed on Product after delivery by Carrier at the Destination Points.

## 12. DELIVERY AT DESTINATION

Shipper shall timely remove its Product, or cause such Product to be removed, from the System following gathering to a Nominated Destination Point. If Shipper or Consignee is unable or refuses to receive said shipment, Carrier will assess a demurrage charge of \$1.00 per Barrel for each day (or fractional part thereof) commencing twenty-four (24) hours following Shipper's receipt of notice from Carrier and Shipper's failure to promptly accept such Product. In addition to such demurrage charge, Carrier shall also have the right to (1) curtail the amount of Product it will accept from Shipper until such Unremoved Product is removed, or (2) dispose of such Unremoved Product in accordance with the provisions of Item 17(F).

## 13. LINE FILL REQUIREMENTS

- A. Carrier shall require Shipper to supply, and Shipper shall supply, Product constituting its proportionate share of Product for line fill necessary for operation of Carrier's System, as such amounts shall be determined by Carrier ("**Line Fill**").
- B. In the event a Shipper's Line Fill balance drops below its proportionate share of the volume of Product necessary for operation of Carrier's System, Carrier will notify

Shipper of the amount of Line Fill that Shipper owes and Shipper shall supply such Line Fill to Carrier before Carrier is obligated to accept Shipper's Nominations or Tenders or make deliveries or shipments on behalf of Shipper. Any notice to Shipper of additional Line Fill requirements under this Item 13(B) shall provide adequate time for Shipper to make the required Nominations under Item 6. Subject to the provisions of Item 17, in the event Shipper's Line Fill balance is above its proportionate share of the volume of Product necessary for Line Fill ("**Excess Line Fill**"), then Carrier shall notify Shipper of such Excess Line Fill amount and will return such Excess Line Fill to Shipper upon written request by Shipper to Carrier and following a reasonable period of time to allow for administrative and operational requirements associated with the withdrawal of such Excess Line Fill. If Shipper fails to comply with any of its obligations to provide Line Fill, Carrier shall be entitled to supply Shipper's share of Line Fill and Shipper shall reimburse Carrier for the cost thereof on demand.

- C. Subject to the provisions of Item 17, Line Fill furnished by Shipper may be withdrawn from Carrier's System under two circumstances (i) if Shipper intends to discontinue shipments on Carrier's System for the foreseeable future and/or, (ii) if Shipper is "no longer shipping" on Carrier's System, as described in Item 13(C)(2) below. Line Fill furnished by a Shipper may be withdrawn from Carrier's System only pursuant to the terms of this Item 13(C).
- (1) If Shipper intends to discontinue shipments on Carrier's System for the foreseeable future, Shipper shall provide written notification to Carrier that it intends to discontinue shipments on the System. Carrier will then provide written notice to Shipper as provided for in Item 13(C)(3).
  - (2) A Shipper that makes no shipments on the System over a continuous six (6)-month period shall be deemed to be "no longer shipping." When Carrier identifies that a Shipper is "no longer shipping," Carrier will provide written notice to Shipper that it is considered to be "no longer shipping" on Carrier's System as provided for in Item 13(C)(3).
  - (3) Carrier will issue written notice (the "**Notification**") to Shipper that according to the Carrier's books, Carrier is holding a certain volume of Shipper's Product as Line Fill on its books in Shipper's name. Shipper will be advised in such letter that Shipper will have thirty (30) days effective with the date of the Notification to provide written direction regarding the disposal of such Product. If at the end of this thirty (30)-day period, Carrier has received no written direction, Carrier will assume title to such Product in Shipper's name, free and clear of any and all liens, claims or encumbrances, and Shipper expressly agrees and consents to transfer title to Carrier as set forth herein.
    - (i) If Carrier has been contacted by Shipper within thirty (30) days after the Notification described in Item 13(C)(3), Carrier will grant Shipper an additional thirty (30) days without charge to facilitate the disposal of Shipper's Product held as Line Fill. If at the end of this sixty (60)-day period, Shipper has not disposed of such Product,

Carrier retains the right to charge a penalty fee of \$1.00 per Barrel, per month, retroactive to the date of the Notification, plus any other fees as allowed in accordance with this tariff; such fees will be required to be paid before the applicable Product will be released. In addition, if Shipper has not disposed of such Product within sixty (60) days from the date of the Notification, title to such Product shall automatically transfer to Carrier. If Shipper provides a written request to Carrier after title to such Product has been assumed by Carrier but before Carrier has otherwise disposed of such Product, Carrier agrees to transfer title back to Shipper for a fee of \$5.00 per Barrel. Such fees will be required to be paid before the applicable Product will be released. Upon transfer of title back to Shipper, Shipper will then be responsible for disposing of such Product within thirty (30) days therefrom. Failure of Shipper to dispose of such Product within thirty (30) days of the transfer of title back to Shipper will result in title being vested back in Carrier without recourse.

- (4) Carrier's return of Line Fill is contingent upon Shipper's inventory balances and all outstanding amounts due having been reconciled between Shipper and Carrier and Shipper having paid in full any amounts owed to Carrier following such reconciliation. Carrier shall have a reasonable period of time to complete administrative and operational requirements incident to Shipper's withdrawal of Line Fill.
- (5) Subpart (C) of this Item 13 shall not apply to a Committed Shipper during the term of such Committed Shipper's COGA. However, following the expiration of a Committed Shipper's COGA, such Committed Shipper's Line Fill shall be returned to Committed Shipper pursuant to the provisions set forth in subpart (C) of this Item 13.

#### 14. TITLE

- A. By Nominating Product, Shipper, or a Third Party Shipper, as applicable, represents and warrants that Shipper has good title (or right to ship or control) thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title (or right to ship or control) thereto; provided that acceptance for gathering shall not be deemed a representation by Carrier as to title (or right to ship or control). Shipper or Third Party Shipper, as applicable, shall not cause or permit any lien, security interest or other form of burden to be filed or created with respect to Product in Carrier's possession, except for the lien created hereunder in favor of Carrier or any lien or encumbrance (i) held by any co-participant or lender of Shipper, Third Party Shipper, or their respective Affiliates, and (ii) statutory liens that arise as a matter of law in the ordinary course of business. Carrier may require of Shipper satisfactory evidence of its title of any Product Nominated or Tendered for shipment on the System.
  - (i) At the time of Nomination, Shipper shall, if known by Shipper, inform Carrier if any Product Nominated and/or to be Tendered to Carrier for

gathering (i) is subject to any dispute regarding the ownership thereof, or (ii) may be encumbered by a lien or charge of any kind at the time of delivery of such Product to Carrier at an Origin Point (other than the lien created hereunder in favor of Carrier or any lien in favor of any co-participant of Shipper) (“**Encumbered Product**”). In the event Carrier receives such Shipper notice of Encumbered Product or otherwise learns that Shipper has or will Nominate or Tender Encumbered Product, Carrier, in its reasonable discretion, may require Shipper to provide one or more of the following: (i) satisfactory evidence of its perfected and unencumbered title, (ii) satisfactory indemnity bond to protect Carrier against any and all loss related to such dispute or encumbrance, (iii) pre-payment of gathering charges, or (iv) a subordination agreement from the applicable lienholder. Carrier also has the right to refuse any shipment of Encumbered Product.

## **15. RATES APPLICABLE**

Product accepted by Carrier from a Shipper for gathering under this tariff shall be subject to the rates and charges in effect on the date of receipt by Carrier that are applicable to Shipper’s shipments, irrespective of the date of the Nomination. The applicable rates are set forth in Section III herein. Gathering and all other lawful charges shall be collected on the basis of the quantities of Product, including Line Fill (except as provided below), received from Shipper at each Origin Point, less the applicable loss allowance set forth in Item 25, and said quantities will be determined in the manner provided in Item 8. For clarity, Carrier shall invoice Shipper upon receipt of Shipper’s Product, including Line Fill, at each Origin Point irrespective of the date such Product, including Line Fill, is delivered to Shipper at the Nominated Destination Point, and Shipper shall pay such invoice in accordance with the provisions of Item 17 below; *provided, however*, that in the event of a Force Majeure or other operational disruption on the System that impacts Carrier’s ability to deliver Shipper’s Product to the Nominated Destination Point, Carrier shall delay invoicing such Shipper pursuant to this Item 15 until such Force Majeure or other operational disruption on the System has been resolved and Carrier is able to commence the delivery of Shipper’s Product to the Nominated Destination Point; *provided, further*, Carrier will defer invoicing a Shipper for any of its Line Fill in Carrier’s System as of February 1, 2020 until the date such Line Fill is delivered from Carrier’s System at a Destination Point.

## **16. RATES APPLICABLE FROM INTERMEDIATE POINTS**

Shipments accepted for gathering from or to any point on Carrier’s System not named in this tariff, but which is intermediate to a point where rates are published, will be assessed the rate in effect from or to the next more distant point published in this tariff. Continuous use of intermediate point rate application under this Item 16 for more than thirty (30) days requires establishment of a rate for the gathering service.

## **17. PAYMENT OF CHARGES**

- A. Carrier will invoice Shipper for gathering rates, fees, and charges, and any other amounts accruing on Product gathered by Carrier in accordance with Carrier’s then-current invoicing and payment policies and procedures and the policies and procedures set forth in the COGA, as applicable. Carrier shall calculate and assess any payments a Committed Shipper owes to Carrier under a COGA in accordance

with the provisions of the COGA.

- B. All payments are due within ten (10) days from the date of Shipper's receipt of the invoice. Invoices falling due on a weekend or holiday need not be paid until the next following regular workday and no interest shall accrue under Item 17(C) until after such regular workday. If Shipper, in good faith, disputes the amount of any such invoice or any part thereof, Shipper shall pay undisputed amounts. If Shipper disputes the amount due, it must provide supporting documentation to support the amount disputed within ten (10) days of the date of receipt of such invoice. Nothing contained herein shall limit a Committed Shipper's audit rights under its COGA.
- C. If any charge remains unpaid after the due date, then interest shall accrue at a per annum rate of interest equal to the lower of (i) the Prime Rate plus five percent (5%) or (ii) the maximum legal rate. "**Prime Rate**" means the prime rate on corporate loans at large U.S. money center commercial banks as set forth in the Wall Street Journal "Money Rates" table under the heading "Prime Rate," or any successor thereto, on the first date of publication for the month in which payment is due.
- D. In addition, in the event Shipper fails to pay any charges owed to Carrier, whether under this tariff, a COGA if applicable, or any other agreement for gathering service on the System, when due, and Shipper fails to cure such non-payment within ten (10) days after Carrier's delivery of notice to Shipper of such failure to pay, Carrier shall have the right, until such payments, including interest thereon, are paid in full, to: (i) refuse to provide Shipper access to the System or provide services pursuant to this tariff, including delivery of any of Shipper's Product in Carrier's possession to Shipper, (ii) offset the current and future amounts owed by Shipper under this tariff or a COGA against any amounts Carrier owes to Shipper or against any of Shipper's Product in the System, (iii) sell Shipper's Line Fill as provided in Item 17(F), and (iv) exercise any other rights and remedies granted under this tariff or existing under Applicable Law.
- E. Carrier shall have a lien on all Product, including Shipper's Line Fill, in the possession of Carrier to secure the payment of any and all charges and fees owed to Carrier by Shipper, whether under this tariff, a COGA if applicable, or any other agreement for gathering service on the System, including but not limited to, gathering fees, penalties, fees and other charges, interest and late payment charges. Such lien shall extend to all Product, including Shipper's Line Fill, in Carrier's possession beginning with Shipper's first receipt of gathering or other services from Carrier. Shipper agrees to execute such additional documents as may be reasonably necessary to perfect or evidence such lien. If a bill of lading is required under Applicable Law for such a lien to arise, acceptance of the Nomination will be deemed to be the bill of lading for all Product, including Shipper's Line Fill, subject to such Nomination. The lien provided herein shall be in addition to any lien or security interest provided by this tariff or Applicable Law. Any liens contained in this tariff or Applicable Law shall be deemed automatically released as and when Product is delivered by Carrier to Shipper or its designee.
- F. If Shipper fails to pay an invoice by the due date or has Unremoved Product pursuant to Item 12, Carrier will notify Shipper of the failure, and if Shipper has not remedied the failure within thirty (30) days following receipt of notice from



Carrier, in addition to any other remedies under this tariff or under Applicable Law, Carrier shall have the right if deemed necessary to make whatever arrangements for disposition of Shipper's Product, including Shipper's Line Fill, that are appropriate, which includes selling the Product, including Shipper's Line Fill, at a public auction, on any day not a legal holiday, not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city, or general area where the sale is to be held, stating the time and place of such sale and the quantity and location of the Product to be sold. At said sale, Carrier shall have the right to bid, and, if it is the highest bidder, to become the purchaser. The proceeds of any sale shall be applied in the following order: (i) to the reasonable expenses of holding, preparing for sale, selling, and gathering the Product and to the extent allowed by Applicable Law reasonable attorneys' fees and legal expenses incurred by Carrier; and (ii) to the satisfaction of Shipper's indebtedness including interest herein provided from the date payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, deposited with the applicable court that has jurisdiction over such dispute or claim and held for whoever may be lawfully entitled thereto. Carrier will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Carrier from Shipper and the proceeds of any sale after reduction as set forth above.

## 18. FINANCIAL ASSURANCES

- A. At least thirty (30) days prior to making its first Nomination, each prospective Uncommitted Shipper shall provide information to Carrier that will allow Carrier to determine the prospective Uncommitted Shipper's ability to pay any financial obligations that could arise from the gathering of the prospective Uncommitted Shipper's Product under the terms of this tariff. The type of information Carrier may request from a prospective Uncommitted Shipper includes, but is not limited to, most recent year-end financials, Form 10-K reports or other filings with regulatory agencies, and bank references. If, in the reasonable opinion of Carrier, such prospective Uncommitted Shipper is not creditworthy, Carrier shall require such Uncommitted Shipper to (i) prepay all gathering and other fees and lawful charges accruing on Product to be delivered to Carrier's System, with such prepayment received within five (5) days of the Uncommitted Shipper's first Nomination, (ii) supply an irrevocable letter of credit issued by a Qualified Institution, with the amount of such security to be the amount estimated in good faith for the first ninety (90) days of performance under the tariff, or (iii) provide a Guarantee. For purposes of this Item 18, a "**Guarantee**" means a guarantee of the payment obligations of Shipper which is provided by Shipper's credit support provider, which must have at least an investment grade rating, in favor of Carrier with such form of guarantee being acceptable to Carrier in its reasonable discretion.
- B. In the event Carrier determines, in a manner that is not unduly discriminatory, that a Shipper's creditworthiness is at any time unsatisfactory to Carrier, Carrier may require Shipper to provide adequate assurance of performance. As adequate assurance, Carrier may require Shipper to provide one of the following: (i) cash (in U.S. dollars), as collateral held for security, (ii) a Guarantee, (iii) a prepayment, (iv)

a surety bond, as collateral held for security, and/or (v) an irrevocable standby letter of credit issued by a Qualified Institution, with the amount of such security to be the amount estimated in good faith for the next ninety (90) days of performance hereunder.

- C. In the event a prospective Uncommitted Shipper fails to comply with any obligation in Item 18(A) or a Shipper fails to comply with any obligation in Item 18(B), Carrier shall not be obligated to provide such prospective Uncommitted Shipper or Shipper, as applicable, with access to Carrier's System or to provide gathering services pursuant to this tariff or a COGA, as applicable, until such requirement is fully met.

## **19. CHARGE FOR FUND COMPENSATION**

In addition to all other charges to Shipper accruing on Product accepted for gathering, a per Barrel charge will be assessed and collected by Carrier in the amount of any tax, fee, or other charge levied against Carrier in connection with such Product by any Governmental Authority for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or the reimbursement of Persons sustaining a loss therefrom or any program where Carrier is acting as a collecting agent. Such charge will be included in the appropriate tariff filed with the Railroad Commission of Texas.

## **20. COMPLIANCE COSTS**

Subject to the provisions of the COGAs, to the extent Carrier becomes obligated as a result of a Change in Law Event to bear Compliance Costs, Carrier shall have the right to increase the gathering rates or implement a surcharge or other charge in the applicable tariff to allow Carrier to recover such Compliance Costs. If Carrier implements such a charge pursuant to this Item 20, Carrier will seek to recover such Compliance Costs from all Shippers in a manner that is not unduly discriminatory or preferential.

## **21. LIABILITY OF SHIPPER**

As a condition to Carrier's acceptance of Product for gathering on Carrier's System, each Shipper agrees to protect and indemnify 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, Consignor, Consignee and/or any third party, to the extent resulting from or arising out of (i) any breach of or failure to adhere to any provision of Carrier's tariff(s) by such Shipper or any of its agents, employees or representatives and (ii) the negligent act(s) or failure(s) to act of such Shipper or any of its Consignors, Consignees, or any of their agents, employees or representatives in connection with delivery or receipt of Product.

## **22. LIABILITY OF CARRIER**

- A. Carrier, while in possession of Product herein described, shall not be liable for, and Shipper hereby waives any claims against Carrier in excess of the liability if any and to the extent imposed by Applicable Law for, any loss or release thereof, damage thereto, or delay in receipt or delivery caused by Force Majeure, or the act of Shipper itself, or by the inherent nature of the goods, or a Governmental

Authority. In the case of loss of any Product from any such causes, after it has been received for gathering and before the same has been delivered to Shipper or Consignee, Shipper shall bear a loss in such proportion as the amount of its shipment already delivered to Carrier bears to all of the Product then in custody of Carrier, for shipment via the lines or other facilities in which the loss or damage occurs. Shipper shall be entitled to have delivered only such portion of its shipment as may remain after deduction of its proportion of such loss, but in such event Shipper shall be required to pay charges only upon the quantity delivered. Carrier shall not be liable for, and Shipper hereby waives any claims against Carrier for, any loss or damage to Product prior to the delivery of Product to Carrier at the Origin Points and after delivery of Product at the Destination Points.

- B. Carrier's liability to Shipper, Consignor, or Consignee for any claim of loss of Product shall be limited to the value of the Product gathered and related gathering charges. IN NO EVENT SHALL CARRIER BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR PUNITIVE DAMAGES HEREUNDER.
- C. Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Product gathered or stored hereunder. EXCEPT AS OTHERWISE SET FORTH HEREIN, SHIPPER AND CARRIER EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY EXPRESS OR IMPLIED WARRANTY FOR PRODUCT GATHERED HEREUNDER INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR INTENDED USE.

### **23. CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery by Shipper for loss, damage, or injury of Shipper's Product for which Carrier may be responsible, Shipper's claim must be filed in writing with Carrier within twelve (12) months after delivery of the affected Product, or in case of Carrier's failure to make delivery of Shipper's Product, then within twelve (12) months after Shipper's Tender of Product; and suits regarding loss, damage, or injury of Shipper's Product shall be instituted against Carrier only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to Shipper that Carrier has disallowed such claim or any part or parts thereof specified in the notice. Where such claim is not filed or suits are not instituted by Shipper on such claims in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.

### **24. CARRIER DISCRETION**

Carrier will operate its System and implement the rules and regulations contained in this tariff, including those provisions providing for Carrier's discretion, in a manner that is not unduly discriminatory or unduly preferential.

### **25. LOSS ALLOWANCE**

For shipments by Uncommitted Shippers, Carrier shall deduct two-tenths of one percent (0.2%) of the volumes of Product received into Carrier's System to cover losses inherent in the gathering of Shipper's Product on Carrier's System. For shipments by Committed Shippers, Carrier shall

deduct one-tenth of one percent (0.1%) of the volumes of Product received into Carrier's System to cover losses inherent in the gathering of Shipper's Product on Carrier's System. The volumes delivered to Shipper from Carrier's System shall be net of such deduction.

## **26. INTRASYSTEM TRANSFERS**

Line transfer or ownership transfers of Product from one Shipper (transferor) to another Shipper (transferee) will be permitted pursuant to the provisions of Item 26.

- A. Notice of change in ownership of Product will be recognized and recorded only when such Product entered Carrier's System and only on a monthly basis.
- B. Statements denoting ownership transactions will be provided to the applicable transferors and transferees. Carrier will not provide any information as to the quality of the Product subject to the changes in ownership except for gravity on current receipts when requested.
- C. Each transferor will be charged per Barrel administration fee for recognizing and recording the change in ownership and, if required, shall pay said charge prior to the recognizing and recording of such change. The per Barrel administration fee will be posted and available on Carrier's website at [www.oryxmidstream.com](http://www.oryxmidstream.com).
- D. Carrier shall not be obligated to recognize and record changes in ownership of Product during any transportation month unless the transferor and transferee requesting Carrier to recognize and record the change in ownership shall, each, on or before the nomination deadline set forth in Item 6, provide written notice to Carrier containing like data relative to the kind, quantity, source, location, transferor and transferee of the Product. Carrier shall not be obligated to accept any modification in said notice unless confirmed in writing by transferor and transferee on or before the last day of the calendar month preceding the month in which transportation is scheduled to occur.
- E. When the quantity of Product received during a transportation month is not equivalent to the quantity of Product subject to the notice of change in ownership described in Item 26.D, Carrier will recognize and record the change in ownership only to the extent of the quantity received.
- F. A notice of change in ownership of Product shall be deemed (1) a warranty that transferor has unencumbered title to the Product in its notice at the time of change in ownership and (2) a representation that the change in ownership is effective on the first day of the month of transportation.
- G. Any party, including transferor and transferee, involved in an intrasystem transfer pursuant to this Item 26 shall be subject to all applicable provisions of and requirements contained in this tariff, including in Item 18.

**SECTION III  
 RATES**

**TABLE 1  
 UNCOMMITTED RATES**

Rates in Dollars per Barrel

<b>Tier</b>	<b>Origin</b>	<b>Destination</b>	<b>Volume (Barrels/day)</b>	<b>Uncommitted Rate<sup>1</sup></b>
1	Tank Battery Receipt Points <sup>2,4</sup> located in Reeves and Culberson Counties, Texas	Orla Station, Reeves County, Texas	Up to 19,999	[D] \$0.99
2		Or Central Mentone Interconnect, Reeves County, Texas	20,000 or Greater	[D] \$0.94

**TABLE 2  
 COMMITTED RATES**

Rates in Dollars per Barrel

<b>Tier</b>	<b>Origin</b>	<b>Destination</b>	<b>Deemed Volume Commitment (Barrels/day)</b>	<b>Committed Rate<sup>3</sup></b>
1	Tank Battery Receipt Points <sup>2,4</sup> located in Reeves and Culberson Counties, Texas	Orla Station, Reeves County, Texas	10,000 to 19,999	[D] \$1.00
2		Or Central Mentone Interconnect, Reeves County, Texas	20,000 or Greater	[D] \$0.95

**Notes Applicable to Tables 1 and 2:**

1. An Uncommitted Shipper's Uncommitted Rate will be based on the average volume of Product it ships each month on the System, which shall then determine the volume tier applicable to such Uncommitted Shipper.
2. For those tank battery receipt points constructed by Carrier where Shipper elects for Carrier to own, operate, maintain and repair the LACT Units, a charge of (i) [U] seven cents (\$0.07) per Barrel, in the case of Committed Shippers with an initial Deemed Volume Commitment of 20,000 or more Barrels per day, and (ii) [U] ten cents (\$0.10) per Barrel, in the case of all other Shippers, shall be assessed in addition to the gathering rates applicable to such Shipper, as set forth in Tables 1 and 2 for shipments originating from such tank battery receipt points.
3. In order to qualify for the Committed Rate, a Committed Shipper must have entered into a COGA with Carrier.
4. A list of the tank battery receipt points on Carrier's system in Reeves and Culberson Counties, Texas is available on Carrier's website at [www.oryxmidstream.com](http://www.oryxmidstream.com). Carrier shall update its website any time additional tank battery receipt points located in Culberson or Reeves County, Texas are added to the System. Carrier has the right to classify the System by gathering segments and to specify a name for each such segment. Carrier also has the right, in its sole discretion, to add additional gathering segments to the System from time to time. For clarity, if Carrier classifies the System by gathering segment, the particular gathering segment to which each tank battery receipt point connects will be identified on Carrier's website.

**Explanation of Reference Marks:**

- [D] Decreased rate.  
[U] Unchanged rate.