

ExxonMobil Pipeline Company

LOCAL TARIFF

APPLYING ON

PROPYLENE

**FROM
POINT IN TEXAS**

**TO
POINTS IN TEXAS**

The rates published in this tariff are for the transportation of propylene by pipeline, subject to the rules and regulations published herein.

This tariff is filed in compliance with 18 CFR 342.3

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

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RULES AND REGULATIONS**1. DEFINITIONS:**

"Carrier," as used herein, means ExxonMobil Pipeline Company.

"Barrel," as used herein, means approximately 184 pounds of propylene.

"Propylene," as used herein, means that mixture that meets the specification in Item 17.

"A.S.T.M.," as used herein, means American Society for Testing Materials.

"Shipper," as used herein, means the party who has provided propylene for transportation.

"Nomination," as used herein, means an offer by a Shipper to the Carrier of a stated quantity of propylene for transportation in the Pipeline from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations and the applicable transportation rate.

"Pipeline," as used herein, means ExxonMobil Pipeline Mont Belvieu to Green Lake Chemical Grade Propylene System with origins and destinations as shown on the Table of Rates.

- 2. TRANSPORTATION RESTRICTIONS AND MAINTENANCE OF IDENTITY.** Carrier reserves the right to reject any shipments which do not conform to the following: (1) the propylene nominated for shipment conforms to the specification for propylene set forth in Item 18. below and the transportation of such propylene will result in no damage to the quality or characteristic of other shipments and (2) Shipper or party receiving shipments has complied with all applicable laws, rules, and regulations made by governmental authorities regulating shipments of propylene. Because of the peculiar characteristics of the propylene being transported and the physical difficulties incident to its transportation, Carrier cannot undertake to deliver the identical propylene received from shipper, but will make delivery from common stock, in pipeline, at destination.
- 3. MINIMUM QUANTITY TO BE RECEIVED.** Carrier reserves the right to reject shipments for transportation under this tariff in quantities of less than 10,000 barrels.
- 4. FACILITIES AT DESTINATION.** Shipments will be received for transportation only when the Consignor or Consignee has provided the necessary facilities for receiving such shipments on arrival at destination at delivery rates satisfactory to Carrier.
- 5. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES.** When there shall be nominated to Carrier for transportation greater quantities than can be immediately transported, the transportation shall be apportioned among all Shippers in proportion to the amounts nominated by each. When such apportionment becomes necessary, it shall be done in accordance with ExxonMobil Pipeline Company's Lower 48 States Systems Proration Procedures dated August 4, 1999, supplements thereto or reissues thereof, which is available upon request.
- 6. PROPYLENE INVOLVED IN LITIGATION, ETC. -- INDEMNITY AGAINST LOSS.** When any propylene nominated for transportation hereunder is involved in litigation, or the ownership of which is in dispute, or which is encumbered by lien or charge of any kind, Carrier will require of shippers an indemnity bond to protect it against all loss.
- 7. PAYMENT OF TRANSPORTATION AND OTHER CHARGES.** The Shipper or Consignee shall pay, as provided below, all applicable gathering, transportation, and all other charges accruing on Propylene handled by Carrier.

All payments are due within 10 days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of (1) 125% of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (2) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.

In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Propylene in Carrier's possession or prior to Carrier's acceptance of Shipper's Propylene: (1) prepayment of all charges, (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 an 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 in 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 until such requirement is fully met.

Carrier shall have a lien on all Propylene delivered to Carrier to secure the payment of any and all gathering, transportation, or any other charges that are owed Carrier. Such lien shall survive delivery of Propylene to Shipper. Such lien shall extend to all Propylene in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Propylene in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been paid as provided above.

If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Propylene of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied to the following order: (A) To the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (B) To the satisfaction of the Shipper's indebtedness including interest herein provided from the date of 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, held for whoever may be lawfully entitled thereto.

- 8. TESTING AND MEASURING.** Shipper shall furnish Carrier a certificate setting forth in detail specifications of the propylene nominated for transportation hereunder, and Shipper shall be liable for any contamination or damage to other propylene in Carrier's custody, or to Carrier's pipeline or other facilities caused by failure of the shipment to meet the specifications stated in Shipper's certificate; however, Carrier may, but shall not be required to, sample and/or test any shipment prior to acceptance, or during receipt of shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail. Carrier reserves the right to reject any shipment if, based on Item 17, that shipment fails to conform to Carrier's specifications. Quantities will be measured by Carrier or Shipper at Carrier's option at time of receipt and delivery by meters that register in pounds. The volume accepted for transportation in barrels shall be the pounds received divided by 184.0. The volume delivered in barrels shall be the pounds delivered divided by 184.0.

- 9. QUANTITIES DELIVERABLE.** The quantity of propylene deliverable at destination shall be the quantity received at origin, less loss in transit, including leaks and breaks resulting from any cause other than negligence on the part of Carrier.
- 10. LIABILITY OF CARRIER.** Carrier in possession of propylene shall not be liable for any loss thereof; damage thereto; or delay caused by fire, explosion, storm, flood, epidemics, act of God, riots, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, or from any other cause not due to the negligence of Carrier. In case of loss of any propylene from any such causes, after it has been received for transportation and before the same has been delivered to the party receiving shipments, Shipper shall bear a proportion of any such loss equal to the ratio of the amount of its shipment, already delivered to Carrier, to all of the propylene then in the custody of Carrier, for shipment via the lines or other facilities in which the loss or damage occurs, and the Shipper shall be entitled to have delivered only such portion of its shipment as may remain after deduction of its due proportion of such loss.
- 11. DELIVERY ADJUSTMENTS.** Any overages or shortages of product not due to the negligence of the Carrier, including losses for shrinkage, evaporation, and interface of commingled products, in any calendar month, will be allocated on a monthly accrual basis among the Shippers in the proportion that the total number of barrels delivered from the entire system for each shipper bears to the total number of barrels delivered from the entire system for all shippers.
- 12. NOTICE OF CLAIMS.** Notice of claims for loss, damage or delay in connection with shipments must be made in writing to Carrier within ninety-one (91) days after such shall have occurred; or in case of failure to make delivery, within ninety-one (91) days after a reasonable time shall have elapsed.
- 13. LINE FILL INVENTORY.** Either prior to or after the acceptance of propylene for transportation through the Pipeline, Carrier will require each Shipper to provide a pro rata part of the volume of Propylene necessary for pipeline fill and reasonable additional minimum quantities required for the efficient operation of the Pipeline. Propylene provided by a Shipper for this purpose may be withdrawn after reasonable written notice of Shipper's intention to discontinue shipment in the system pursuant to Carrier's applicable tariff or tariffs. Carrier may require advance payment of final transportation charges and settlement of any unpaid accounts receivable, before final delivery will be made.
- In the event a Shipper's inventory balance drops below its pro rata part of the volume of Propylene necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of the system, then Carrier will require such Shipper to provide the necessary volume to meet its pro rata part of such volume of Propylene.
- In the event that Shipper maintains an inventory balance after Shipper ceases movements on the system or Shipper gives written notice of its intent to cease movements over the system and such Shipper is unable to schedule appropriate shipments to clear the inactive inventory balance, Shipper will be required to settle the inactive inventory balance through Carrier. In the event no such Shipper notice is given, then Carrier may require either an adjustment in Shipper's inventory balance in accordance with the preceding Line Fill and Tank Bottom Inventory provision or settlement of the Shipper's inventory balance at any time after Shipper has ceased making movements over the system for a period of six months. Such settlement will be based upon the fair market value of the Propylene, at the time Shipper informs Carrier in writing of its intention to discontinue shipments on the system pursuant to Carrier's applicable tariff or tariffs or if no such written notice is given, then at such time as Carrier calls for the settlement of the Shipper's inventory balance.
- 14. APPLICATION OF RATES.** Propylene accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier, irrespective of the date of nomination. The transportation rate shall apply to volumes received and measured at the origin location.
- 15. EVIDENCE OF RECEIPTS AND DELIVERIES.** Propylene received from the Shipper and propylene delivered to the party receiving deliveries shall, in each instance, be evidenced by tickets, showing all data essential to the determination of quantity. Such tickets shall be signed by a representative of the Carrier and given to the party delivering quantities into the system and to the party receiving quantities from the system. The tickets shall constitute full receipt for: (a) the propylene received and (b) the propylene delivered.

16. NOMINATIONS REQUIRED. On or before the twenty-fifth (25) day of the month preceding the month during which the transportation under the nomination is to begin, Shipper shall furnish to Carrier in writing a nomination showing the point at which the propylene is to be received, the point of delivery, the consignee, and the amount of propylene transported. If space is available for current shipment, Shipper may nominate in writing propylene for transportation after the twenty-fifth (25) day of the month during which the transportation under the nomination is to begin.

17. PRODUCT SPECIFICATIONS FOR PROPYLENE. Propylene is mostly a mixture of propane and propylene.

<u>COMPONENT</u>	<u>UNITS</u>	<u>SPECIFICATIONS</u>	<u>ASTM METHODS (9)</u>
Propylene (4)	wt. %	93.0 min.	D-2163
Propane	wt. %	7.0 max.	D-2163
Ethane and lighter	wt. ppm	1000 max.	D-2712
Ethylene	wt. ppm	50 max.	D-2712
Total C4 (5)	wt. ppm	225 max.	D-2712
Butenes (6)	wt. ppm	100 max.	D-2712
MA + PD + acetylene	wt. ppm	20 max.	D-2712
Total Sulfur	wt. ppm	1 max.	D-4468
Water	wt. ppm	30 max.	On-Line Analyzer
CO2 + CO	wt. ppm	50 max.	D-2504 & 2505
O2	wt. ppm	15 max.	D-2504
H2+O2+CO2+CO	wt. ppm	100 max.	D-2504 & 2505
1.3 Butadiene	wt. ppm	15 max.	D-2712
C5+ (7)	wt. ppm	25 max.	D-2712
Total Chlorides (8)	wt. ppm	1 max.	Microcoulometry or equivalent

- A. Specifications will be ensured by online analyzer and sampling routine approved by ExxonMobil Pipeline Company.
- B. Suppliers of propylene will have to demonstrate capability of their system to meet these targets prior to initiating use of the ExxonMobil Pipeline Company facilities. After initial qualification, any indication that these targets are not met should be communicated to ExxonMobil Pipeline Company.
- C. ExxonMobil Pipeline Company also reserves the right to impose stricter physical property and/or nonhydrocarbon constituent levels than given above when required to avoid incompatibility with transportation or chemical processing facilities.
- D. Propylene target is a minimum 93%; all others are maximum values
- E. Total C4 includes normal butane, butene-2, butene-1, isobutylene, 1,3-butadiene, and isobutane
- F. Butenes includes butene-2, butene-1 and butylene
- G. C5+ includes C5-C9 hydrocarbons
- H. Total chlorides include both inorganic and organic chlorides (methyl chloride, ethyl chloride and vinyl chloride)
- I. Analytical methods shown are for reference only. On-line analysis equivalent to these methods should be used. On-line analyzer methodology shall meet accepted industry practice and be comparable in sensitivity and reproducibility to the procedure referenced in this specification.

18. TRANSFERS WITHIN SYSTEM. Intrasystem transfers will not be recognized by Carrier for propylene in Carrier's custody except for transfers resulting from application of Item 7 herein.

TABLE OF RATES

FROM	TO	Rate in Cents per Pound
Mont Belvieu (Chambers County, Texas)	Pasadena-Deer Park (Harris County, Texas)	[I] 2.22
	Green Lake (Calhoun County, Texas)	

EXPLANATION OF REFERENCE MARKS

[I] Increase