

# ExxonMobil Pipeline Company

## LOCAL TARIFF APPLYING ON ETHANE

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

FROM	TO	RATE IN CENTS PER BARREL OF 42 U.S. GALLONS
Katy (Waller County, Texas)	Baytown Olefins Plant (Harris County, Texas)	[U] 69.30
King Ranch (Kleberg County, Texas)		[U] 127.60
Mont Belvieu (Chambers County, Texas)		[I] 25.34
LaPorte (Harris County, Texas)		[U] 9.90
Katy (Waller County, Texas)	Mont Belvieu (Chambers County, Texas)	[U] 92.40
King Ranch (Kleberg County, Texas)		[U] 150.70
LaPorte (Harris County, Texas)		[U] 33.00

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**RULES AND REGULATIONS****1. DEFINITIONS:**

Ethane," as used herein, means ethane meeting the specifications described below in Item 18 (Product Specifications).

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

"Barrel," as used herein, means 124.614 pounds of ethane.

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

"Shipper," as used herein, means the party who has tendered ethane for transportation.

"Tender," as used herein, means an offer by a Shipper to the Carrier of a stated quantity of ethane 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 South Texas Ethane System with origins and destinations as described on page 1 of this tariff.

- 2. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS.** When shipments are accepted for transportation from any point on this Carrier's lines not named in this tariff which is intermediate to a point from which rates are published herein, through such unnamed point, Carrier will apply from such unnamed point the rate from the next more distant point. For shipments accepted for transportation to any point not named in this tariff which is intermediate to a point to which rates are published herein, through such unnamed point, this Carrier will apply to such unnamed point the rate published herein to the next more distant point specified in the tariff.
- 3. TRANSPORTATION RESTRICTIONS AND MAINTENANCE OF IDENTITY.** Shipments will only be received into the pipelines of Carrier on the condition that: (1) the ethane tendered for shipment conforms to the specification for ethane set forth in Item 18. below and the transportation of such ethane will result in no damage to the quality or characteristic of other shipment and (2) Shipper or party receiving shipments has complied with all applicable laws, rules, and regulations made by governmental authorities regulating shipments of ethane. Because of the peculiar characteristics of the ethane being transported and the physical difficulties incident to its transportation, Carrier cannot undertake to deliver the identical ethane tendered, but will make delivery from common stock, in pipeline, at destination.
- 4. MINIMUM QUANTITY TO BE RECEIVED.** Shipments of the required specifications will be accepted for transportation under this tariff in quantities of not less than 1,000 barrels.
- 5. 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.
- 6. APPORTIONMENT WHEN TENDERS ARE IN EXCESS OF FACILITIES.** When there shall be tendered to Carrier for transportation greater quantities than can be immediately transported, the transportation shall be apportioned among all shippers in proportion to the amounts tendered by each.
- 7. ETHANE INVOLVED IN LITIGATION, ETC. -- INDEMNITY AGAINST LOSS.** When any ethane tendered for transportation hereunder are involved in litigation, or the ownership of which may be in dispute, or which may be encumbered by lien or charge of any kind, Carrier may require of shippers an indemnity bond to protect it against all loss.

- 8. 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 Ethane 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 Ethane in Carrier's possession or prior to Carrier's acceptance of Shipper's Ethane: (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 Ethane 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 Ethane to Shipper. Such lien shall extend to all Ethane 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 Ethane 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 Ethane 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.

- 9. TESTING AND MEASURING.** Shipper shall furnish Carrier a certificate setting forth in detail specifications of the ethane tendered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other ethane in Carrier's custody, or to Carrier's pipeline or other facilities caused by failure of the shipment tendered to meet the specifications stated in Shipper's certificate; however, Carrier may, but shall not be required to, sample and/or test any shipment prior to acceptance, or during receipt of shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail. Carrier reserves the right to reject any shipment if, in the Carrier's sole opinion, that shipment fails to conform to Carrier's specifications. Quantities will be measured by Carrier 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 124.614. The volume delivered in barrels shall be the pounds delivered divided by 124.614.
- 10. QUANTITIES DELIVERABLE.** The quantity of ethane 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.
- 11. LIABILITY OF CARRIER.** Carrier in possession of ethane 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 ethane 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 stand a loss in such proportion as the amount of his shipment, already delivered to Carrier, bears to all of the ethane 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 his shipment as may remain after deduction of his due proportion of such loss.
- 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 ethane for transportation through the Pipeline, Carrier may, upon reasonable notice, require each Shipper to provide a pro rata part of the Volume of Ethane necessary for pipeline fill and reasonable additional minimum quantities required for the efficient operation of the Pipeline. Ethane 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 Ethane 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 Ethane.

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 Ethane, 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.** Ethane accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier, irrespective of the date of tender.
- 15. EVIDENCE OF RECEIPTS AND DELIVERIES.** Ethane received from the Shipper and ethane 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 jointly signed by representatives of Carrier and the Shipper or the party receiving deliveries, as appropriate, and shall constitute full receipt for: (a) the ethane received and (b) the ethane delivered.
- 16. COMMODITY.** Carrier is engaged primarily in the transportation of ethane and will not accept any other commodity for transportation except when Carrier determines that space in the pipeline is available for transportation of other commodities, provided that such service is tendered on a temporary basis and may be restricted or canceled at any time after notice thereof as Carrier shall determine is necessary to permit it to properly transport ethane.
  - A. Carrier reserves the right to set the minimum and/or maximum batch size of any such other commodity tendered for transportation dependent on space available in the pipeline at the time.
  - B. Carrier reserves the right to refuse to accept any commodity that is not compatible with its system, its method of operation, or its transportation of ethane.
  - C. To protect the integrity of the ethane being transported, the Shipper of any other commodity must supply buffer liquids in such quantities and in accordance with such specifications as may be established by Carrier. Such buffer liquids will be considered a part of the shipment of the commodity tendered to the Carrier by such Shipper for all purposes other than Shipper's compliance with batch sizes established by Carrier.
  - D. The Shipper of any such other commodity will be required to accept delivery of the interface material created by the movement of such commodity or pay any and all costs incurred by Carrier in disposing of same.
- 17. TENDERS REQUIRED.** On or before the twenty-fifth (25) day of the month preceding the month during which the transportation under the tender is to begin, Shipper shall furnish to Carrier in writing a tender showing the point at which the ethane is to be received, the point of delivery, the consignee, and the amount of ethane transported. If space is available for current shipment, Shipper may tender in writing ethane for transportation after the twenty-fifth (25) day of the month during which the transportation under the tender is to begin.

**18. PRODUCT SPECIFICATIONS FOR ETHANE.**

	<u>Minimum</u>	<u>Maximum</u>	<u>Test Procedure</u>
Ethane, Liquid Volume %	95.0		ASTM D-2163-77
Composition, Liquid Volume %			ASTM D-2163-77
Methane		3.0	
Propane and heavier hydrocarbons		3.5	
Carbon Dioxide ppm (weight)		1,000	ASTM D-2505-67(77)
Other Non-Hydrocarbons			
Total Sulfur ppm (weight)		30	ASTM D-2784-80
Corrosiveness, Copper strip 100°F		No. 1	ASTM D-1838-74(79)
Dryness - This product shall contain no free entrained water.			
Contaminants - The product shall be free of dirt, scale, rust, and all other types of solid contaminants.			

**EXPLANATION OF REFERENCE MARKS**

**[I]** Increase

**[W]** Change in Wording Only