

CHEVRON PIPE LINE COMPANY

LOCAL TARIFF

Applying on the Interstate Transportation of

CRUDE PETROLEUM (AS DEFINED HEREIN)

GRAND ISLE JUNCTION

FROM POINTS IN LOUISIANA
TO POINTS IN LOUISIANA

Rates filed in compliance with 18 C.F.R. § 342.3, Indexing

Subject to Rules and Regulations shown on Pages 2 through 11.

GRAVITY BANK

Participation in the Gravity Bank is a requirement of transportation. Chevron Pipe Line Company is the Operator of the Empire Pipeline System Gravity Bank. For Gravity Bank details applicable to movements shown in this tariff, see pages 8–10 of this tariff. Gravity Bank Adjustment Factors applicable to movements shown in this tariff are published in Chevron Pipe Line Company's F.E.R.C. No. 491, supplements thereto, and successive issues thereof.

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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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RULES, REGULATIONS AND CONDITIONS

The Carrier will accept only Crude Petroleum as defined herein and only for transportation to established destinations named herein, subject to the following conditions:

5. Definitions

“API” as used herein means American Petroleum Institute.

“ASTM” as used herein means American Society for Testing Materials.

“Barrel” as used herein means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (0) gauge pressure if the vapor pressure of the petroleum is at or below atmospheric pressure, or at equilibrium vapor pressure if the vapor pressure of the petroleum is greater than atmospheric pressure.

“Carrier” as used herein means Chevron Pipe Line Company.

“Condensate” as used herein means liquid products of oil wells and gas wells resulting from condensation of petroleum hydrocarbons existing initially in gaseous phase in an underground reservoir that are recovered at the surface without resorting to processing.

"Consignee" as used herein means an entity that has been authorized in writing to schedule with Carrier delivery of a specific amount of Crude Petroleum out of Carrier's system.

"Crude Petroleum" as used herein means the direct liquid products of oil wells, Condensate or a mixture thereof from oil or gas wells located in the Southern Louisiana oil province (consisting of the Outer Continental Shelf, State and Federal waters, and onshore Gulf coast production) with a distillation range, quality and general characteristics typical of South Louisiana crude including a sulfur content of less than or equal to 0.5 percent by weight as determined by ASTM Method D4294 without centrifuge.

"Delivery" as used herein means the transfer from Carrier at destination to Shipper or Consignee.

"Gross Standard Volume" as used herein means volume corrected to a temperature of sixty degrees (60°) Fahrenheit, in accordance with the latest API/ASTM measurement standards, and at equilibrium vapor pressure.

"Receipt" as used herein means the transfer from Shipper at origin to Carrier for transportation.

"Shipper" as used herein means the entity that originally nominates Crude Petroleum from a reception point listed in this tariff and is responsible to Carrier for all charges and obligations hereunder, except as otherwise noted.

10. Quality of Crude Petroleum

Crude Petroleum accepted for transportation by the Carrier must be good merchantable oil of such viscosity, pour point and temperature as will permit its being freely handled and transported under conditions existing in the pipeline, and which is properly warranted. The Carrier reserves the right to reject any Crude Petroleum containing more than one percent (1%) of basic sediment, water and other impurities, or having a Reid vapor pressure in excess of 12 pounds per square inch at 100 degrees Fahrenheit, or having pour point, viscosity, or other characteristics such that it will not be readily susceptible for transportation through Carrier's existing facilities, or which will materially affect or damage the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier; or having an API gravity of less than 20 degrees.

15. Storage Facilities

The Carrier does not furnish storage facilities. Carrier's storage is only that necessary for the operation of the pipeline system.

20. Nominations

Crude Petroleum will be accepted for transportation only at such time as Crude Petroleum of the same quality and general characteristics is being transported. Any Shipper desiring to nominate Crude Petroleum for transportation hereunder, shall on or before the 25th of the month place a notice including the name of the Shipper, destination and Consignee if other than the Shipper, of the quantity of Crude Petroleum to be nominated during the following month with the Scheduler, Chevron Pipe Line Company, P.O. Box 430, Bellaire, Texas 77402-0430. Carrier will accept changes to nominations during the shipping month subject to capacity limitations.

25. Crude Petroleum Involved In Litigation

The Carrier shall have the right to reject any Crude Petroleum, when nominated for transportation which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind. If Carrier has a reasonable basis to believe that such a situation exists, it will require of the Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity to protect Carrier against any and all loss resulting from transporting Petroleum Products involved in litigation.

30. Gauging, Testing, and Deductions

- (a) Quantities for receiving, delivering, assessing charges and all other purposes will be corrected to a temperature of sixty degrees Fahrenheit, in accordance with the latest API/ASTM measurement standards, after deductions of impurities shown by tests made by the Carrier prior to Receipt and upon Delivery. Quantities will be computed by Carrier's volumetric accounting computer system, which utilizes the latest tank increment tables and API measurement standards. Quantities may be computed from tank tables compiled or accepted by the Carrier, when approved by the Carrier.
- (b) Pursuant to Item 50, Liability of Carrier, Crude Petroleum quantities transported may be adjusted to allow for inherent losses including but not limited to shrinkage, evaporation, interface losses and normal "over and short" losses. Chevron Pipe Line Company loss adjustment will be made monthly on the basis of total quantities transported and shall be based on the prior three years' actual historical loss experience, adjusted to actuals at the end of the year.
- (c) In addition, whenever the product of oil or gas wells with a gravity that equals or exceeds fifty-five degrees (55°) API is permitted to be commingled with other Crude Petroleum in transit, Carrier shall deduct at the point of origin a percentage of the volume of such Crude Petroleum in accordance with the following table:

<u>Degrees A.P.I. Gravity</u>	<u>Percentage Deduction</u>
Less than 55	None
55 to 74.9	2
75 to 99.9	4
100 and above	5

- (d) The net quantities as determined under paragraphs (a), (b), and (c) of this item will be the quantity deliverable.

35. Mixing in Transit

Crude Petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity, quality, or characteristics, while in transit or storage as may result from the mixture with other Crude Petroleum, and the Carrier shall be under no obligation to make Delivery of the identical Crude Petroleum received, but may make Delivery out of common stock.

40. Origin Facilities Required

The Shipper shall provide such facilities as are necessary to deliver nominated Crude Petroleum to the Carrier's existing facilities at such pressure and rates as will permit the Carrier to transport the stock as scheduled.

45. Destination Facilities Required

The Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory evidence be furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination.

Due to capacity limitations on third party pipeline facilities at Grand Isle Junction, Carrier will require satisfactory evidence that Shipper or Consignee has acquired the necessary space on the destination facilities before Carrier accepts nominations for transportation to such facilities.

50. Liability of Carrier

The Carrier, while in possession of Crude Petroleum herein described, shall not be liable for any loss thereof, damage thereto, or delay caused by act of God, war, sabotage, act of the public enemy, quarantine, the authority of law, requisition or necessity of the government of the United States in time of war, or default of Shipper. In case of loss of any Crude Petroleum, from any such causes, after it has been received for transportation and before the same has been delivered to Consignee, the loss will be charged proportionately to each Shipper in the ratio that his Crude Petroleum, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all Crude Petroleum then in the custody of

the Carrier for transportation via the lines or other facilities in which the loss occurs; and the Carrier will be obligated to deliver only that portion of such Crude Petroleum remaining after deducting Shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered. Carrier will compensate Shippers for Crude Petroleum losses for which Carrier is liable by paying the value of such Crude Petroleum at the point where transportation originated.

55. Inventory Requirements

- (a) The Carrier will require each Shipper to supply a prorata share of Crude Petroleum necessary for pipeline fill and working stock (which includes tank bottoms) for efficient operation of the Carrier's pipeline system prior to Delivery. Crude Petroleum provided by a Shipper for this purpose may be withdrawn from the system only after shipments have ceased and if written notice to discontinue shipments in Carrier's system is received on or before the 25th day of the preceding calendar month.
- (b) An Inventory Management Fee of **[U]** \$.20/Barrel for each Barrel that is in excess of plus or minus 25 percent (+/- 25%) of a Shipper's required inventory shall be assessed as follows:
 - CPL will calculate an overall monthly volume that is needed for system linefill and tank bottoms, hereafter referred to as "system inventory", during hurricane season and non-hurricane season.
 - Each month, CPL will calculate a closing month inventory for each Shipper based on each Shipper's opening month inventory, total Receipts, total Deliveries, and loss allowance.
 - Each month, CPL will calculate each Shipper's prorated share of the system inventory based on the last six (6) months of Receipts from each Shipper. This will be the Shipper's required inventory volume. CPL will provide current month data to assist each Shipper in calculating its upcoming month inventory nomination in order to remain close to its required inventory.
 - To the extent that a Shipper's closing inventory for each month is within +/- 25% of its required inventory as calculated by CPL, no fee will be charged. If the Shipper is outside its 25% threshold, then a fee will be charged for each Barrel outside the 25% threshold.

Example of Inventory Management Fee Calculation:

Shipper	Required Inventory	Allowed Over/Under Percentage	Minimum Required Inventory	Maximum Required Inventory	Actual Closing Inventory	\$/Bbl Fee	Inventory Outside Allowed %	Inventory Fee Total
Shipper 1	1,330	25%	997	1,663	(1,146)	\$0.20	(2,143)	\$428.60
Shipper 2	99,385	25%	74,539	124,231	101,254	\$0.20	0	\$0
Shipper 3	1,306	25%	979	1,633	2,413	\$0.20	780	\$156.00

60. Duty of Carrier

The Carrier will receive and/or transport and deliver Crude Petroleum with reasonable diligence and dispatch. The Shipper or Consignee will be notified twenty-four (24) hours prior to the arrival of a shipment of Crude Petroleum and if the Shipper or Consignee is unable or refuses to receive the Crude Petroleum shipment as it arrives at destination, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any expense incurred by the Carrier in making such arrangements shall be borne by the Shipper which charges are in addition to transportation charges accruing to Shipper.

65. Payment of Transportation and Other Charges

Transportation charges will be assessed and collected by Carrier at the rates named herein on the basis of Gross Standard Volume actually delivered to the destination after making adjustments provided in Item 30 (b) above.

The Shipper shall pay the transportation and all other applicable to the shipment, and, if required, shall prepay or guarantee the same before acceptance by the Carrier, or pay the same before Delivery. The Carrier shall have a lien on all Crude Petroleum in its possession belonging to the Shipper to secure the payment of all unpaid transportation charges as well as demurrage charges due by such Shipper, and may withhold such Crude Petroleum from Delivery until all of such unpaid charges shall have been paid. If said charges shall remain unpaid five (5) days after the time which may be fixed for Delivery as provided for in Item 60, or, in the absence of unpaid charges, when there shall be failure to take the Crude Petroleum at the point of destination as provided in these rules and regulations, the Carrier may, by an agent, sell said Crude Petroleum at public auction for cash, making said sale at its public office in New Orleans, Louisiana, on any day not a legal holiday, and not less than forty-eight (48) hours after publication of notice in a daily newspaper in said city of the time and place of such sale and the quantity of Crude Petroleum to be sold.

The Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale the Carrier may pay itself all transportation, including demurrage, and any other lawful charges, including expense of notice, advertisement, sale, and other necessary expense, and expense of caring for and maintaining the Crude Petroleum. The balance shall be held for whomsoever may be lawfully entitled thereto.

66. Inventory Transfers within Systems

A Shipper may transfer Crude Petroleum that has been consigned to it to its inventory after all owned Crude Petroleum has been put into inventory first. To do so, a Shipper must nominate the consigned Crude Petroleum to its inventory. All transfers of consignments to a Shipper's inventory shall take effect at the end of the month. All charges, obligations and risk of loss accruing under this tariff through the end of the month remain with the original Shipper and all charges, obligations and risk of loss accruing after the end of the month are those of the transferee Shipper.

67. Consignment

A Shipper may consign Crude Petroleum to another Shipper or a Consignee. A Consignee may further consign Crude Petroleum to another Consignee. To do so, the Shipper or Consignee must notify Carrier in writing of the specific amount of Crude Petroleum consigned and the name of the Consignee. Carrier does not recognize any transfer(s) of title of Crude Petroleum to a transferee Shipper or Consignee while the Crude Petroleum is within Carrier's system, except as provided in Item 66. Unless a Shipper has transferred consigned Crude Petroleum to its inventory pursuant to Item 66, all charges, obligations and risk of loss under this tariff are those of the original Shipper, with the exception of the consignment fee, which will be charged to the Consignee or transferee Shipper.

A Consignee may provide Carrier with one or more Shipper accounts to balance its consignments against, with the written consent of the Shipper(s). If Consignee does not or cannot provide Carrier with a Shipper balancing account, Carrier will balance Consignee's consignments on a pro rata basis against the account of each Shipper whose Crude Petroleum has been consigned to Consignee in that month.

70. Apportionment when Nominations Are in Excess of Facilities

When there shall be tendered to the Carrier for transportation, more Crude Petroleum than can be immediately transported, the transportation furnished by the Carrier shall be apportioned among all Shippers in proportion to the amounts nominated by each, based on the capacity of the system after allowing for provisions set forth in Item 85. Shippers will be required to submit nominations by the twenty-fifth (25th) of the month preceding the month of shipment and no nomination shall be considered beyond the amount which the party requesting shipment has readily accessible for shipment. If a Shipper fails to deliver for transportation during the month of shipment the volumes so nominated by it, its volumes for the

succeeding month may be reduced by the amount of allocated throughput not utilized during the preceding month.

75. Use of Communication Facilities

Without additional charge the Carrier will transmit messages for Shippers incident to the business hereunder over the private communication facilities of the Carrier, but the Carrier shall not be obligated to deliver messages, nor shall it be liable for failure of delivery of messages, and it shall not be liable for errors or delay in transmission or for interruption of the service.

80. Notice of Claims

Claims for loss or damage must be made in writing to the Carrier, P.O. Box 4879, Houston, Texas 77210-4879, within nine (9) months after Delivery of the property, or in case of failure to make Delivery, then within nine (9) months after a reasonable time for Delivery has elapsed. Suits for loss or damage shall be instituted only within two (2) years and one (1) day after Delivery of the property, or in case of a failure to make Delivery, then within two (2) years and one (1) day after a reasonable time for Delivery has elapsed; provided, however, that where claims have been duly filed with the Carrier, suit must be brought within two (2) years and one (1) day after notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier will not be liable.

85. Common Stream Crude Petroleum - Connecting Carriers

When Receipts from and/or Deliveries to a connecting carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection or at interconnections along the same pipeline system, Carrier reserves the right, with cooperation of the connecting carrier, to offset like volumes of such common stream Crude Petroleum in order to avoid capacity constraints or the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further Deliveries for the Shipper involved from its common stream Crude Petroleum.

90. Connection Policy

Connections to Carrier's pipeline(s) will only be considered if made by formal written notification to Carrier and all requests will be subject to the following standards and conditions.

All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

95. Application of Rates from/to Intermediate Origin/Destination Points

For Crude Petroleum accepted for transportation from any origin on Carrier's lines not named in this tariff, which is intermediate to any published origin and/or destination points for which rates are published, Carrier will apply from such unnamed point the rate published from the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the lowest charge.

For Crude Petroleum accepted for transportation to any destination point on Carrier's lines not named in this tariff, which is intermediate to any published destination and/or origin points for which rates are published, Carrier will apply to such unnamed point the rate published to the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the lowest charge.

Carrier will file a tariff applicable to such transportation movements within 30 days of the start of the service if the intermediate point is to be used on a continuous basis for more than 30 days.

100. Gravity Bank

In order to insure that Shippers will not be materially damaged or allowed to benefit from changes in gravity as a result of common stream operations, Carrier has established a gravity bank to calculate, collect and remit monetary adjustments among all Shippers tendering within the common stream system from changes in gravity which result from common stream operations.

Each Shipper is required to participate in the gravity bank. Each Shipper agrees to pay Carrier the computed adjustments due from said Shipper in accordance with these rules and regulations.

Carrier shall administer the gravity bank providing adjustments for the value of crudes of different gravities in the manner specified below:

I. Common Stream Calculation

At the end of each month, the weighted average gravity value of the gravity bank will be determined for all Crude Petroleum being received (Receipt Bank) into the commingled common stream system and similarly for the Crude Petroleum being delivered (Delivery Bank) out of the system. This value will be determined by dividing the total number of Barrels received into the sum total of the products obtained by multiplying each Receipt volume in such stream by the gravity value per Barrel obtained from the gravity value table, F.E.R.C. No. 491, supplements hereto and successive issues thereof. Similar calculations will be made with respect to the Deliveries.

II. Shipper Calculation

At the end of each month, each Shipper's gravity value will be determined by multiplying the quantity of Barrels received from such Shipper by the gravity value per Barrel obtained from the gravity value table (Item 100, Section VII). Similar calculations will be made with respect to the Deliveries.

III. Receipt Bank

- A. If the weighted average gravity value per Barrel for a Shipper as determined under II is greater than that determined for the common stream under I, the Shipper will be credited an amount which shall be calculated by multiplying the differences in gravity value per Barrel by the total Barrels received from such Shipper.
- B. If the weighted average gravity value per Barrel for a Shipper as determined in II is less than that determined for the common stream under I, the Shipper will be debited an amount as calculated in A above.
- C. The sum of debits and credits for all Shippers is zero.
- D. Carrier will provide at the end of each month a record of the Shipper's calculation and debit or credit amount.

IV. Delivery Bank

- A. If the weighted average gravity value per Barrel for a Shipper as determined under II is greater than that determined for the common stream under I, the Shipper will be debited an amount which shall be calculated by multiplying the difference in gravity value per Barrel by the total Barrels delivered.
- B. If the weighted average gravity value per Barrel for a Shipper as determined under II is less than that determined for the common stream under I, the Shipper will be credited an amount which shall be calculated by multiplying the difference in gravity value per Barrel by the total Barrels delivered.
- C. The sum of debits and credits for all Shippers is zero.
- D. Carrier will provide at the end of each month a record of the Shipper's calculation and debit or credit amount.

V. Example of Gravity Bank Settlement

A. Receipt Bank

Shipper	Shipment Volume (Bbls) <u>Received</u>	Measure Gravity <u>API</u>	Gravity Value* <u>\$/Bbl</u>	Volume X <u>Value</u>
A	100	28.7°	2.055	\$205.50
A	25	38.7°	3.060	\$76.50
<u>Subtotal A</u>	125			\$282.00
B	100	29.1°	2.115	\$211.50
C	20	53.1°	1.885	\$37.70
D	100	35.0°	3.000	\$300.00
<u>Total All</u>	345			\$831.20

* Using Gravity Adjustment Authorization Table, F.E.R.C. Tariff No. 491.

Common Stream Value = \$831.20 ÷ 345 Bbl = \$2.4092754

Shipper A Calculation:	\$
Weighted Average gravity value per bbl. = \$282 ÷ 125 Bbl = \$2.256/Bbl (\$2.256/Bbl - \$2.4092754/Bbl) x 125 Bbls = Shipper A pays (is debited)	\$19.16
Shipper B Calculation: (\$2.115/Bbl - \$2.4092754/Bbl) x 100 Bbls = Shipper B pays (is debited)	\$29.42
Shipper C Calculation: (\$1.885/Bbl - \$2.4092754/Bbl) x 20 Bbls = Shipper C pays (is debited)	\$10.49
Shipper D Calculation: (\$3.000/Bbl - \$2.4092754/Bbl) x 100 Bbls = Shipper D receives (is credited)	(\$59.07)
Sum of Payments and Receipts is zero	\$0.00

B. Delivery Bank

Shipper	Shipment Volume (Bbls) <u>Received</u>	Measure Gravity <u>API</u>	Gravity Value* <u>\$/Bbl</u>	Volume X <u>Value</u>
A	55	31.4°	2.460	\$135.30
A	60	31.8°	2.520	\$151.20
<u>Subtotal A</u>	115			\$286.50
B	110	31.9°	2.535	\$278.85
C	20	33.2°	2.730	\$54.60
D	105	31.4°	2.460	\$258.30
<u>Total All</u>	350			\$878.25

* Using Gravity Adjustment Authorization Table, F.E.R.C. Tariff No. 491

Common Stream Value = \$878.25 ÷ 350 bbl = \$2.5092857/Bbl

Shipper A Calculation:	\$
Weighted Average gravity value per bbl. = \$286.50 ÷ 115	
Bbl = \$2.4913043/Bbl	
(\$2.491- \$2.5092857/Bbl) x 115 Bbls =	
Shipper A receives (is credited)	(\$2.07)
Shipper B Calculation:	
(\$2.535/Bbl- \$2.5092857/Bbl) x 110 Bbls =	
Shipper B pays (is debited)	\$2.83
Shipper C Calculation:	
(\$2.730/Bbl - \$2.5092857/Bbl) x 20 Bbls =	
Shipper C pays (is debited)	\$4.41
Shipper D Calculation:	
(\$2.460/Bbl - \$2.5092857/Bbl) x 105 Bbls =	
Shipper D receives (is credited)	<u>(\$5.17)</u>
Sum of Payments and Receipts is zero	\$0.00

VI. Payments

At the end of each quarter, a statement shall be rendered to each Shipper setting forth the net debit or credit balance of said Shipper's gravity value account and specifying the amount required to be paid (or received) to settle the account.

All payments due from Shippers shall be made within (twenty) 20 days of the statement date, and shall bear interest calculated at an annual rate, equivalent to 125% of the prime rate of interest of the Citibank N.A. of New York, New York, on ninety-day loans to substantial and responsible commercial borrowers as of the statement date for any delay in payment beyond such twenty (20) day period. All Crude Petroleum which is received from a Shipper who has failed to pay such amounts shall be subject to the imposition of a lien to obtain payment of such amounts.

Carrier may, at its option, require the Shipper to pay all estimated obligations in advance or to provide an irrevocable letter of credit satisfactory to Carrier for such obligations.

Payments to or from the Shippers as a result of Item 100, Gravity Bank, are not part of the transportation tariff rates of Carrier and said payments shall not be offset or otherwise claimed by any Shipper against sums due Carrier for transportation or other charges collected pursuant to Carrier's tariff rules and regulations.

105. Credit-worthiness of Shippers

All prospective Shippers must submit sufficient financial information to establish credit-worthiness. If a potential Shipper is not credit-worthy or if Shipper's credit deteriorates, Carrier will require prepayment of tariff related charges and / or a letter of credit from an appropriate financial institution in acceptable form to Carrier.

TABLE OF RATES

FROM (Origin / Receipt Point)	TO (Destination / Delivery Point)	RATE IN CENTS PER BARREL OF 42 UNITED STATES GALLONS
Fourchon Terminal, Lafourche Parish, Louisiana	Grand Isle Junction, Jefferson Parish, Louisiana	[D] 32.82
Empire Terminal, Plaquemines Parish, Louisiana	Grand Isle Junction, Jefferson Parish, Louisiana	[D] 45.12

EXPLANATION OF REFERENCE MARKS:

[D] Decrease

[U] Unchanged rate