

# CHEVRON PIPE LINE COMPANY

LOCAL PIPELINE TARIFF

Applying On Transportation of

**CRUDE PETROLEUM**

(As Defined Herein)

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The rate named in this tariff is for the transportation of crude petroleum by pipeline and is subject to the Rules and Regulations shown on Pages 2 through 6.

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Effective: June 1, 2006

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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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## TABLE OF CONTENTS

<u>Subject</u>	<u>Item No.</u>	<u>Page No.</u>
Apportionment When Tenders are in Excess of Facilities	70	5
Common Stream Crude Petroleum-Connecting Carriers	85	6
Connection Policy	90	6
Crude Petroleum Involved in Litigation	25	3
Definitions	5	2
Destination Facilities Required	45	4
Duty of Carrier	60	5
Gauging, Testing and Deductions	30	3
Gravity Bank	95	6
Inventory Requirements	55	4
Liability of Carrier	50	4
Mixing in Transit	35	4
Notice of Claims	80	6
Origin Facilities Required	40	4
Payment of Transportation and Other Charges	65	5
Quality of Crude Petroleum	10	3
Storage Facilities	15	3
Tenders	20	3
Transportation Rates		6
Use of Communication Facilities	75	5

## RULES, REGULATIONS AND CONDITIONS

### 5. Definitions

"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.

"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.

"Receipt" means the transfer from shipper at origin to Carrier for transportation.

API as used herein means American Petroleum Institute.

ASTM as used herein means American Society for Testing Materials.

## **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. Tenders**

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 tender 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 tendered during the following month with the Scheduler, Chevron Pipe Line Company, P.O. Box 4879, Houston, Texas 77210-4879.

## **25. Crude Petroleum Involved In Litigation**

The Carrier shall have the right to reject any Crude Petroleum, when tendered 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°) A.P.I. 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 tendered 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.

### **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 or owner. 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**

The Carrier will require each shipper to supply a prorata share of Crude Petroleum necessary for pipeline fill and working stock 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.

## **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 or consignee, which charges are in addition to transportation charges accruing to shipper or consignee.

## **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 received at the origin/delivery point(s) after making adjustments provided in Item 30 (b) above.

The shipper or consignee 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.

## **70. Apportionment when Tenders 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 tendered by each, based on the capacity of the system after allowing for provisions set forth in Item No. 85. Shippers will be required to submit tenders by the twenty-fifth (25th) of the month preceding the month of shipment and no tender 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 tendered 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.