

[N] VALERO PARTNERS LUCAS, LLC
[C] THE PREMCTOR PIPELINE CO.

RULES AND REGULATIONS TARIFF
GOVERNING THE TRANSPORTATION OF

CRUDE PETROLEUM
(As Defined Herein)

BY PIPELINE BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

GENERAL APPLICATION

Carrier will accept and transport Petroleum Products offered for transportation through Carrier's Facilities only in accordance with this Rules and Regulations Tariff. Specific rules and regulations published in individual tariffs will take precedence over the general rules and regulations published in this tariff.

The rules and regulations, published herein, apply only under tariffs making specific reference by F.E.R.C. Number to this tariff; such reference will include supplements thereto and successive issues hereof.

~~[C] Filed in compliance with Order No. 714 — Electronic Tariff Filings, issued on September 19, 2008 for the establishment of Baseline Tariff.~~

[N] Filed under the authority of 18 C.F.R. 341.6.

[N] The rules and regulations are brought forward unchanged, unless otherwise noted herein, from The Premcor Pipeline Co. F.E.R.C. 44.0.0.

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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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EXPLANATION OF TERMS AND ABBREVIATIONS

Terms and Abbreviations	Explanations
API	American Petroleum Institute.

ASTM	American Society for Testing Materials.
Barrel (Bbl)	Forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit at equilibrium pressure. All barrels shall have a vapor pressure above atmospheric pressure.
Carrier	[N] <u>Valero Partners Lucas, LLC</u> [C] The Premier Pipeline Co.
Common Stream	Crude Petroleum moved through the pipeline and pipeline facilities which is commingled or intermixed with other Crude Petroleum.
Condensate	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	Party, including a connecting pipeline system, to whom Shipper has ordered Delivery of Petroleum Product.
[N] <u>Crude Oil</u>	[N] <u>Direct liquid products of oil wells, Condensate or a mixture thereof.</u>
Crude Petroleum	[N] <u>Shall mean Crude Oil or Synthetic Crude Oil.</u> [C] Direct liquid products of oil wells, condensate or a mixture thereof.
°	Degrees.
Delivery	Transfer from Carrier at destination point to Shipper's or Consignee's facilities.
[N] <u>F.E.R.C.</u>	[N] <u>Federal Energy Regulatory Commission</u>
Gross Standard Volume	Volume corrected to a temperature of sixty degrees (60°) Fahrenheit in accordance with the latest API/ASTM measurement standards, and at equilibrium vapor pressure.
Indirect Liquid Products of Oil or Gas Wells	Liquid products resulting from the operation of gasoline recovery plants, gas recycling plants, or distillate recovery equipment in gas or oil fields, or a mixture of such products including Natural gasoline or Natural Gas Liquids.
Net Standard Volume	Gross Standard Volume less deductions of impurities shown by tests made by carrier prior to receipt and upon delivery.
[N] <u>No.</u>	[N] <u>Number</u>
Receipt	Transfer from Shipper at origin point to Carrier for transportation.
Shipper	Party who contracts with carrier for the transportation of Petroleum Products under the terms of this tariff.
[N] <u>Synthetic Crude Oil</u>	[N] <u>A hydrocarbon liquid generally possessing the properties of naturally produced Crude Oil which is derived or produced by chemical or physical transformation of oil shale, naturally occurring bitumen, coal, or oil sands and that is suitable for (i) transportation on various types of logistics assets designed to transport crude oil and (ii) processing in the same manner and at the same type of facility as crude oil.</u>
Tender	Written designation by Shipper to the Carrier of an approximate quantity of Petroleum for transportation from a specified origin point(s) to a specified destination point(s) over period of one operating month in accordance with these rules and regulations.

Rules and Regulations

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| 1 | Specifications and Restrictions | Carrier will receive Crude Petroleum through its facilities at only the origin point(s) named in individual tariffs making reference to this Rules and Regulations Tariff. Crude Petroleum will be accepted for transportation at such time as Crude Petroleum of the same quality and general characteristics is being transported from origin point(s) to destination point(s). Crude Petroleum tendered for transportation which is not of the same quality and general |
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characteristics of that which is being transported by Carrier will be transported under the terms agreed upon in conformance with the filed tariffs.

Carrier reserves the right to reject any and all of the following shipments:

- (a) Crude Petroleum which is not merchantable oil, which does not meet quality standards established pursuant to Item No. 3 or which will otherwise materially affect or damage the quality of other shipments or cause disadvantage to other Shippers and/or Carrier.
- (b) Crude Petroleum whose gravity viscosity or other characteristics are such that it is not readily susceptible to transportation on Carrier's existing facilities.
- (c) Crude Petroleum containing basic sediment, water or other impurities totaling in excess of one (1) percent as determined by centrifugal test, or by such other test as maybe agreed upon by the Shippers and Carrier.
- (d) Crude Petroleum where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations.

Crude Petroleum with a gravity of 34.99° API or less shall not exceed 8.0 pounds per square inch absolute (psia) Reid Vapor Pressure. Crude Petroleum which a gravity of 35.0° API or greater shall not exceed 10.0 psia Reid Vapor Pressure. Crude Petroleum shall not exceed 11 psia True Vapor Pressure at the receiving temperature independent of gravity.

- 2 Clear Title Required
When any Crude Petroleum tendered for transportation is involved in litigation, disputed ownership, or encumbrance by lien or charge of any kind, Shipper shall so advise Carrier in writing; Carrier will refuse to accept Receipt of such Crude Petroleum or will require of the Shipper or Shippers an indemnity bond to protect Carrier against any and all Loss.
- 3 Establishment of Quantity
In addition to the general requirements of transportation set forth in Item No. 1 above, Carrier will from time to time determine the quality of Crude Petroleum it will regularly gather from certain areas, and the quality and general characteristics of Crude Petroleum it will regularly transport as a common stream between particular origin points and destination points on its trunk pipelines. Changes in petroleum quality standards will be made by new tariff filings. Crude Petroleum quality and general characteristics include but are not limited to, whole crude properties such as P.P.I. gravity, sulfur, S. & W., Reid Vapor Pressure, pour point, viscosity, hydrogen sulfide, metals nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.
- 4 Nominations
All Shippers and Consignees desiring to ship or receive Crude Petroleum through the pipelines or Carrier shall provide Carrier with the following information to schedule and dispatch each shipment of Crude Petroleum: the kind, quantity, receipt point, sequence of delivery, delivery point and Shipper of each proposed Crude shipment. Nominations must be received by the Final Nomination Deadline. The Final Nomination Deadline is 3:00 p.m. on the twenty-fifth (25th) day of (excluding carrier holidays) of the month preceding the month in which Shipper desires to ship. Carrier will inform Shippers of Carrier holidays at the time they become Shippers and thereafter on January 15 of each year in the event the holidays are changed.

Nominations and changes in nominations received after the Final Nomination Deadline will not be accepted from the Final Nomination Deadline date to the first day of the following month. After the first of the month, changes will be accepted only in writing and only if space is available and the additional or changed nominations do not impair the movement of Crude nominated prior to the Final Nomination Deadline.

All Nominations must contain a final destination point to be accepted.

In the event the total nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be prorated equitably among all shipments

according to the proration procedure set forth in Item No. 20.

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| 5 | Scheduling | <p>For each calendar month Carrier will establish a sequence for pumping Crude Petroleum through its trunk lines and will schedule the approximate time when Crude Petroleum offered for shipment will be received by Carrier at origin points and delivered by Carrier at destination points.</p> <p>Carrier will inform each Shipper of the time within each calendar month when Crude Petroleum will be received from such Shipper at origin points and Carrier will inform each Shipper or his Consignee of the approximate time within each calendar month when Crude Petroleum will be delivered to such Shipper or Consignee at destination points. A change in destination point may be made without charge if requested by the Shipper prior to arrival at original destination subject to the rates, rules, and regulations applicable from point of origin to point of final destination, provided then current pipeline operations of the Carrier will permit such a change of destinations. Such a request must be in writing.</p> |
| 6 | Transfers Within System | <p>Intrasystem transfers will not be recognized by Carrier for the Crude Petroleum in Carrier's custody, except for transfers resulting from application of Item 21 herein.</p> |
| 7 | Duty of Carrier | <p>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 point(s), 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.</p> |
| 8 | Origination Facilities Required | <p>Carrier will receive Crude Petroleum from Shippers at stations on its gathering lines; at leases or plants to which its gathering lines connect; and at origin points on its trunk lines. Crude Petroleum will be received only from pipelines, tanks or other facilities which are provided by Shipper. Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks and/or metering facilities to be provided by Shipper at the point of receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for Transportation unless such facilities have been provided which meet industry standards.</p> |
| 9 | Destination Facilities Required | <p>The Carrier will not accept Crude Petroleum for transportation unless satisfactory written evidence is furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination. Carrier does not furnish storage facilities at any destinations. Carrier's storage is only the necessary for the operation of the pipeline system.</p> |
| 10 | Minimum Tender | <p>Crude Petroleum (as defined in Explanation of Terms and Abbreviations of this tariff) will be accepted for transportation under this tariff in shipments of not less than five thousand (5,000) Barrels from one Shipper.</p> |
| 11 | Measurement and Adjustments | <p>All shipments tendered to Carrier for transportation shall be tested, gauged or metered by a representative of Carrier prior to, or at the time of Receipt from the Shipper and Delivery to Consignee, but the Shipper or Consignee shall at all times have the privilege of being present or represented during the testing, gauging or metering.</p> <p style="padding-left: 40px;">(a) Quantities for receiving and delivering will be Net Standard Volume. Quantities may be computed from tank tables compiled by the Carrier.</p> |

(b) The volume of impurities in Crude Petroleum received and delivered by Carrier will be measured by centrifugal test, or by such other tests as may be agreed upon by the Shipper and Carrier. The volume of impurities will be deducted from the volume of such receipts and deliveries.

(c) In addition to deductions for losses as provided for in the Liability of Parties section of this tariff, a further deduction of 0.2% will be made to cover evaporation and other losses during transportation, and the balance will be the net quantities deliverable. The net balance after all deductions will be the quantity the Carrier is obligated to deliver to the Consignee.

12 Mixed Shipments Mixed shipments of Crude Petroleum and the Indirect Liquid Products of Oil or Gas Wells including Natural Gasoline and Natural Gas Liquids will not be accepted for transportation.

Carrier will not accept a mixture containing any of the following: Waste oils, tube oils, crankcase oils, PCBs or Dioxins.

13 Rates Applicable The rate which shall apply to the transportation of Crude Petroleum shall be the rate in effect on the date Crude Petroleum is received by Carrier for transportation. Likewise, the rules and regulations which shall govern the transportation of Crude Petroleum shall be the rules and regulations in effect on the date Crude Petroleum is received by the Carrier for transportation.

14 Liability for Charges The Shipper and Consignee shall be jointly and severally liable for payment of gathering and transportation charges, fees, and other lawful charges accruing to or due Carrier by Shipper or Consignee, including but not limited to, penalties, Interest and late payment charges on Crude Petroleum delivered by Carrier to Consignee. All accrued charges are due on delivery of Crude Petroleum by Carrier to Consignee.

15 Liability of Parties As a condition to Carrier's acceptance of Crude Petroleum under this tariff, each Shipper agrees to defend, indemnify and hold harmless 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, Consignee and/or any third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and 2) the negligent act(s), or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with Delivery or Receipt of Crude Petroleum.

The Carrier, while in possession of Crude Petroleum herein described, shall not be liable for any loss thereof; damage hereto; or delay caused by act of God, war, act of public enemy, quarantine, the authority of law, strikes, riots, civil disorder, requisition or necessity of the Government of the United States in time of war, default of Shipper or owner, or from any cause not due to the sole negligence of the Carrier.

(a) 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 Shipper or Consignee, such loss will be charged proportionately to each Shipper in the ratio that this 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.

(b) 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.

(c) 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. The dollar value of such loss shall be determined by the average posted price of all postings of Crude Petroleum of like gravity and quality in the field or fields

from which the Crude Petroleum so lost was produced. The average posted prices shall be determined by the postings of Crude Petroleum in effect on the date the Crude Petroleum was lost. If there are no posted prices or Crude Petroleum lost, the dollar value of such loss shall be its market price based upon the average of the two highest and two lowest prices posted for crude oil of similar gravity and quality in effect on the date the Crude Petroleum was lost.

- 16 Notice of Claims As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) months after Delivery of the Crude Petroleum, or, in the case of failure to make Delivery, then within nine (9) months after a reasonable time for Delivery has elapsed; and suits 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 the claimant that Carrier has disallowed the claim or any part or parts thereof. 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.
- 17 Volumetric Adjustment Any volumetric difference between receipts from Shipper and delivery to Shipper or Consignee during a current month as a result of scheduling will be adjusted in the following month without any further liability to Carrier, taking into consideration all prior deductions allowed pursuant to the rules and regulations contained herein.
- 18 Application of rates from/to Intermediate Origin/Destination Points For Crude Petroleum accepted for transportation from any origin point on Carrier's lines not named in the individual tariffs, 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 the individual tariffs, which is intermediate to any published destinations 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.
- In accordance with 18 C.F.R. § 341.10, 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.
- 19 Additives Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity depressants, pour point depressants, drag reducing additives, or other such additives in the Crude Petroleum to be transported.
- 20 Proration (a) As used in Item 10, the following additional definitions shall apply:
- "Proration Month" is the calendar month for which space is being allocated.
- "Calculation Month" is the calendar month just preceding the "Proration Month," during which allocations for the proration month will be determined.
- "Base Period" is the 12-calendar month period just preceding the calculation month. Individual months within the base period are designated by Nos. 1 through 12, with "Month 1" being the most recent base period month and "Month 12" being the oldest base period month.
- A "New Shipper" is any Shipper who is not Regular Shipper.
- A "Regular Shipper" is any Shipper who had a record of movements in any one of Months 4 through 12.

“Base Shipments” are the average monthly movements over a line segment by a Regular Shipper during the Base Period. Base Shipments will be calculated by dividing the total movements by a Regular Shipper during the Base Period by the lesser of (a) 12, or (b) the number of the Base Period month within which the Regular Shipper first shipped product on the line segment to be prorated.

- (b) If it appears to Carrier that it will be necessary to allocate pipeline space for extended period of time, Carrier may request Shippers to furnish in writing monthly forecasts of volumes to be shipped during the forward 24-calendar months. Carrier will carefully examine all forecasts using every means available to ensure that they are true and realistic and will challenge any forecasts which appear to be inflated.
- (c) When forecast volumes for any month exceed the capacity in any line segment of the Carrier’s systems, space shall be allocated among Shippers in that segment by the following procedure:
 - 1) The forecast volumes for each Regular Shipper and each New Shipper shall be totaled and divided into the line capacity. The resultant fraction will be the “proration factor.”
 - 2) Each New Shipper shall be allocated space equal to its forecast volumes multiplied by the “proration factor.”
 - 3) The remaining capacity shall be allocated among Regular Shippers in proportion to their Base Shipments.
 - 4) In the event any Shipper(s) is (are) allocated more capacity than its (their) forecast Requirement, the excess of its (their) allocation (s) over its (their) forecast(s) will be reallocated among all other Shippers in proportion to their unsatisfied requirements (i.e. each Shipper’s forecast minus initial allocation).
- (d) To penalize inflation of Shippers’ nominations, a Shipper’s space allocation for the next proration month will be reduced by the amount of allocated throughput not shipped in the month preceding the calculation month.
- (e) Space allocated to a Shipper may neither be assigned to nor used for the benefit of another Shipper. Upon request of Carrier, a responsible official of a Shipper’s company may be required to give assurances to Carrier that this provision has not been violated. In the event such provisions is violated, the allocated space for all Shippers involved in the violation shall be reduced by the amount of the unauthorized space obtained; the reduction being effective for the next (one) month of proration for which pipeline capacity has not previously been allocated.

21 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 general characteristics, while in transit as may result from the mixture with either Crude Petroleum received, and the Carrier shall be under no obligation to make Delivery of the identical Crude Petroleum received, but may make Delivery out of its common stock. There will be no adjustment for downgrading or upgrading of Crude Petroleum tendered for transportation as a result of mixing in transit.

22 Inventory Requirements Carrier will require each Shipper to supply a prorate share of Crude Petroleum necessary for pipeline fill and working stock for efficient operation of the Carrier’s pipeline system prior to Delivery. Based on the total line fill of segment(s) utilized by Shipper, 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 twenty-fifth (25th) day of the month preceding the last calendar month in which the Shipper intends to ship.

23 Payment of Transportation and Other Charges Transportation charges will be assessed and collected by Carrier at the rates in effect as provided in Item 13 above on this basis of Gross Standard Volume actually received/delivered at the origin/delivery point(s) after making adjustments provided in Item 11(c) above.

The Shipper or Consignee shall pay the transportation and all other charges applicable to the shipment, and, if required, shall prepay or guarantee the same before acceptance by the Carrier, or pay the same before Delivery. Carrier shall have a lien on all Crude Petroleum in its possession belonging to the Shipper to secure the payment of all unpaid 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 7, or, in the absence of unpaid charges, when there shall be failure to take the Crude Petroleum at the destination point as provided in these rules and regulations, the Carrier may, by an agent, sell said Crude Petroleum at public auction for cash on any day not a Sunday or legal holiday, and not less than forty-eight (48) hours after publication of notice, in a daily newspaper, 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 and any other lawful charges expense of notice, advertisement, sale, and other necessary expense, and or caring for an maintaining the Crude Petroleum, and the net balance shall be held without interest for whomsoever may be lawfully entitled thereto.

24 Connection Policy Connections to Carrier’s pipelines(s) will only be considered if made by formal written notification to Carrier and all requests will be subject to the following standards end conditions.

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

- [N] 25 [N] Explanation of Reference Marks [N] [N] New
 [N] [D] Rate Decrease
 [N] [C] Cancel
 [N] [I] Rate Increase
 [N] [U] Unchanged Rate
 [N] [W] Change in wording only

[C] **EXPLANATION OF REFERENCE MARKS**

- [C] [W] Change in wording only
 [C] [C] Cancel
 [C] [N] New