
CRIMSON CALIFORNIA PIPELINE L.P.

RULES AND REGULATIONS TARIFF

APPLYING ON THE GATHERING AND TRANSPORTATION OF

CRUDE PETROLEUM

BY PIPELINE

GENERAL APPLICATION

Carrier will accept and transport Crude Petroleum offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff, except that specific rules and regulations published in individual tariffs making reference hereto will take precedence over the general rules and regulations in this tariff.

The rules and regulations published herein shall apply only under tariffs making specific reference by Cal P.U.C. number to this tariff, such reference to include supplements hereto and successive issues hereof.

ISSUED: April 30, 2008

EFFECTIVE: June 1, 2008

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Explanation of abbreviations and reference marks:

[I] Increase	[U] Unchanged Rate
[D] Decrease	[W] Change in wording only
[C] Cancellation	[N] New location

Advice Letter No. 5
PLC-26

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RULES AND REGULATIONS

5. DEFINITIONS

API – American Petroleum Institute

API Gravity – Gravity determined in accordance with ASTM designation and expressed in degrees.

Assay – A laboratory analysis of crude petroleum to include API gravity, Reid vapor pressure, pour point, sediment and water content, sulfur content, viscosity at 100° Fahrenheit, and other characteristics as may be required by Carrier.

ASTM – American Society for Testing Materials.

Barrel – Forty-two (42) United States gallons of crude petroleum at a temperature of sixty degrees (60°) Fahrenheit.

Common Stream – Crude petroleum moved through Carrier's pipeline and pipeline facilities which is commingled or intermixed with crude petroleum of like quality and characteristics as may be determined by Carrier based on crude petroleum assays and other pertinent analytical data.

Carrier – Crimson California Pipeline L.P. and other pipeline companies which may, by proper concurrence, be parties to joint tariffs incorporating these regulations by specific reference.

Connecting Carrier – A connecting pipeline company as named or referred to herein.

Consignee – The party to whom a shipper has ordered the delivery of crude petroleum.

Crude Petroleum – The direct liquid hydrocarbon production from oil or gas wells, or blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value of adaptability to refining as a whole Crude petroleum or for acceptability to be commingled with other crude petroleum.

Indirect Liquid Products – Liquid products resulting from operation in oil or gas fields of natural gasoline recovery plants, gas recycling plants or condensate or distillate recovery equipment, or a mixture of such products; often referred to simply as "indirect products."

S & W – Basic sediment, water and other impurities.

Segregated Batch – A tender of crude petroleum having specific identifiable characteristics which is moved through pipeline facilities so as to maintain its identity.

Shipper – A party who contracts with Carrier for transportation of crude petroleum, as defined herein and under the terms of this tariff, and who is recognized as having title to crude petroleum in Carrier's custody.

System – The pipeline(s) that Carrier owns an interest in and to which the rules and regulations stated herein apply. **[W]**

Tender – A nomination by a shipper to Carrier of a stated quantity and grade of crude petroleum for transportation from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.

10. ESTABLISHMENT OF QUALITY

- A. Carrier will from time to time determine the quality of crude petroleum it will regularly transport as a common stream between particular origin points and destination points on its trunk pipelines. The conditions applying to common stream operation are set forth in Item 15.
- B. Carrier will accept for transportation, in a segregated batch, crude petroleum that does not meet the common stream quality provided that the conditions set forth in Item 20 are met.
- C. Crude petroleum, which is properly settled, shall not exceed 11 psia true vapor pressure at the receiving temperature, independent of gravity.

Crude petroleum which contains not more than three percent (3%) of basic sediment, water (S&W) and other impurities and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit. For each one-tenth percent (0.1%) the basic sediment and water content of the crude petroleum received exceeds one and one-half percent (1.5%), shipper shall incur a penalty of one and one-half cents (\$0.015) per gross sixty degrees (60°) Fahrenheit barrel.

Refer to Item 25 for blending of indirect products.

Sediment and water limitations of a connecting carrier may be imposed upon Carrier when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.

- F. If, upon investigation, Carrier determines that a shipper has delivered to Carrier's facilities crude petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including, but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, such shipper will be excluded from further entry into applicable segments of the pipeline system until such time quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated crude petroleum blocking its pipeline system. Disposal of such contaminated crude, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination of or disposal of any contaminated crude petroleum shall be borne by the shipper introducing the contaminated crude petroleum into Carrier's system.
- G. Before Carrier will accept tenders from potential shipper seeking to transport crude petroleum on Carrier's system, such potential shipper must first provide to Carrier a complete, industry-accepted assay of the crude petroleum it intends to ship. Carrier shall have the right to make the assay available to other shippers upon request. Submission of the assay to Carrier is evidence of the potential shipper's consent to release the assay to other shippers or potential shippers.
- H. No crude petroleum will be accepted for transportation unless its gravity, viscosity and other characteristics that it will be readily susceptible to transportation through Carrier's existing facilities and will not materially affect the quality of other shipments or cause damage to other shippers and/or Carrier's system.

15. COMMON STREAM OPERATION

Carrier shall have no responsibility in, or for, any revaluations, administration or settlements which may be deemed appropriate by shippers and/or consignees because of mixing or commingling of crude petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream. Because of the commingling that takes place in the common stream, if any one shipper desires a quality bank, all shippers will be required to participate in a shipper-managed quality bank.

Crude Petroleum will be accepted for transportation only on condition that it may be subject to such changes in gravity or quality while in transit as would result from its mixture with other crude petroleum in the common stream or tanks of the Carrier. Carrier shall be under no obligation to deliver the identical

petroleum received but may make delivery out of common stream or out of Carrier's common stream of substantially like crude petroleum.

20. SEGREGATED BATCH OPERATIONS

Carrier will accept crude petroleum which differs in quality and other characteristics from Carrier's common stream provided that:

- A. Carrier has facilities available to segregate such crude petroleum while in transit and at destination, and
- B. Carrier shall not be liable to shipper or consignee for changes in the quality of such grade of crude petroleum while in transit, and
- C. The interface generated between such batches shall be allocated equitably between those shipments that precede and follow the interface.

25. INDIRECT LIQUID PRODUCTS

Mixed shipments of the direct liquid products of oil wells and the indirect liquid products of oil or gas wells, including natural gasoline and natural gas liquids, will be accepted for transportation providing the vapor pressure of the resulting mixture does not exceed that permitted by Carrier's facilities and operation conditions:

- A. Shipper shall provide tanks or storage equipment that will hold the natural gasoline and natural gas liquids in liquid state until such natural gasoline and natural gas liquids can be mixed in course of transportation with the direct liquid products of oil wells consigned by the same shipper to the same destination in such proportions and manner as Carrier shall prescribe.
- B. The natural gasoline and natural gas liquids shall be tested by Carrier before mixing with the direct liquid products of oil wells and the quantities shall be shown separately on the tender of shipment.
- C. The quantities of natural gasoline and natural gas liquids delivered to Carrier shall be determined by tank gauge or meters. Such quantities shall be received on the basis of volume corrections for temperature from observed degrees Fahrenheit to sixty degrees (60°) Fahrenheit and at equilibrium vapor pressure.

- D. The Reid vapor pressure of any mixture of natural gasoline and natural gas liquids shall not exceed twenty-five (25) pounds per square inch absolute (psia).
- E. The resulting mixture of indirect liquid products and crude petroleum with a gravity of 34.9° API or less shall not exceed 8.0 psia Reid vapor pressure, and such a mixture with a gravity of 35.0° API or greater shall not exceed 10.0 psia Reid vapor pressure; except that Carrier reserves the right to limit the Reid vapor pressure of indirect liquid products or mixtures of crude petroleum and indirect liquid products to such lower levels as may be required by Carrier's facilities and operating conditions. The true vapor pressure of the resulting mixture shall not exceed 11 psia at the receiving temperature, independent of gravity.
- F. Blends will be analyzed using an ASTM D-86 distillation. Blends will be accepted if they meet or exceed the temperatures established by Carrier at the 10%, 30% and 50% volumes in the D-86 distillation for the applicable API gravity.
- G. Any natural gasoline and natural gas liquids must be blended with crude petroleum before entering Carrier's system.
- H. Nothing in this rule shall be construed to affect the provisions of Item No. 15 (COMMON STREAM OPERATION) of this tariff or shall required Carrier to receive, transport, and deliver unmixed indirect liquid products; however, unmixed indirect liquid products may be transported for subsequent mixing with direct products in accordance with this rule where facilities exist and operating conditions permit transporting such indirect liquid products.
- I. Carrier will not accept blends of Crude Petroleum containing any of the following: waste oils, lube oils, crankcase oils, PCBs or dioxins.

30. ADDITIVES

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants or other such additives in crude petroleum to be transported.

35. STORAGE

[W] Carrier has working tanks incident to transportation of crude petroleum. Capacity permitting, and at Carrier's sole discretion, provisions for storage during transit may be offered to a limited extent. Carrier will inform all interested parties of the terms and conditions for such storage upon request. Carrier may

require Shipper to execute a suitable Pipeage Agreement to document the terms and conditions for such storage.

40. RECEIPT FACILITIES REQUIRED

Carrier will receive Crude Petroleum from Shippers at origin points at which Shipper has transportation or storage rights. 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 to meet industry standards.

[W] [I] Where Crude Petroleum is received at origin points where custody transfer is determined by hand-gauged tank levels, Carrier may require the installation of an approved Lease Automatic Custody Transfer (LACT) meter for custody transfer measurement. In lieu of the installation of a LACT at such locations, Shipper will be subject to a surcharge of \$100 per gauging per month in addition to all other applicable tariff fees.

Where Crude Petroleum to be shipped requires transportation in a Segregated Batch, Shippers or Consignees shall be responsible for providing tankage to meet minimum tender requirements as provided in Item No. 60 (TENDER, MINIMUM QUANTITY) hereof at a point where Carrier facilities are available for receipt and transportation of such Crude Petroleum batches.

45. DESTINATION FACILITIES REQUIRED

Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory evidence is furnished that the Shipper, or Consignee, has provided the necessary facilities for the prompt receiving of said Crude Petroleum batches.

If the shipper, or Consignee, is unable or refuses to receive said Crude Petroleum as it arrives at destination, Carrier reserves the right to make those arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any additional expenses incurred by Carrier in making such arrangements shall be borne by the Shipper, or Consignee. Carrier shall not be responsible for any losses sustained by Shipper, or Consignee, due to Carrier making other arrangements for the disposition of the Crude Petroleum.

50. NOTICE OF DELIVERY, DEMURRAGE

Carrier may, at any time after receipt of a consignment of crude petroleum and upon 24-hour notice to shipper or consignee, begin delivery of crude petroleum at Carrier's then current rate of pumping consistent with system capacity. Commencing after the first seven o'clock a.m., after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said crude petroleum shipment offered for delivery and not taken by shipper or consignee; the demurrage charge will be one-half cent per barrel per day for each day of 24 hours or fractional part thereof. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to crude petroleum offered for delivery but not taken by shipper or consignee shall be that of warehouseman only.

55. NOMINATIONS

All shippers and consignees desiring to ship or receive crude petroleum through the pipelines of Carrier shall provide Carrier, in writing, with the following information required by Carrier to schedule and dispatch each shipment of crude petroleum; the kind, quantity, origin point, sequence of delivery, destination 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. (Pacific Time) on the fifth (5th) working day (excluding Carrier holidays) before the first day of the month in which shipper desires to ship.

Nominations or changes in nominations received after the final nomination deadline 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 that total nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be prorated equitably.

60. TENDER, MINIMUM QUANTITY

Tenders for the transportation of crude petroleum for which Carrier has facilities will be accepted into Carrier's system under this tariff in quantities of not less than twenty-five thousand (25,000) barrels aggregate from one or more shippers as operations permit and provided such crude petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier

reserves the right to accept any quantity of crude petroleum from lease tanks or other facilities to which Carrier's facilities are connected if such quantity can be consolidated with other crude petroleum such that Carrier can make a single delivery of not less than twenty-five thousand (25,000) barrels, and Carrier will not be obligated to make any single delivery of less than twenty-five thousand (25,000) barrels. The term "single delivery" as used herein means a delivery of crude petroleum in one continuous operation to one or more consignees into a single facility, furnished by such consignee or consignees, to which Carrier is connected.

65. TITLE

Carrier shall have the right to reject any crude petroleum which, when tendered for transportation, 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, and Carrier may require of the shipper satisfactory evidence of the shipper's perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By tendering crude petroleum, the shipper warrants and guarantees that it has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by Carrier as to title.

70. GAUGING, TESTING AND DEDUCTIONS

- A. All shipments tendered to Carrier for transportation shall be tested, gauged or metered, in accordance with API Standards, by a representative of Carrier prior to, or at the time of receipt from the shipper and delivery to consignee. The shipper or consignee shall at all times have the privilege of being present or represented during the testing, gauging, or metering; however, failure of a shipper and consignee to have a representative present will constitute a waiver, and the shipper and consignee shall be bound by the information and data on the tickets.
- B. Corrections will be made for temperature from observed degrees Fahrenheit to 60° Fahrenheit.
- C. The following pipeline loss allowance will be used when specifically reference in the tariff.
 - [W]** For receipt locations where custody transfer measurement is by Lease Automatic Custody Transfer (LACT) unit, a deduction of twenty-five hundredths of one percent (0.25%) will be made to cover evaporation, interface losses and normal losses during transportation.
 - [W] [I]** For receipt locations where custody transfer measurement is by hand tank gauge, a deduction of fifty hundredths of one percent (0.50%) will be made to cover evaporation, interface losses and normal losses during transportation.
- D. All receipts of crude petroleum and indirect liquid products having an API gravity of 45° of above shall also be subject to a deduction to cover the shrinkage and incremental evaporation resulting

from the mixture thereof, in Carrier's facilities, with crude petroleum having an API gravity of 44.9° or less. Such deduction shall be determined in accordance with the following table:

<u>API Gravity, Degrees</u>	<u>Percentage Deduction</u>
Less than 45	None
45 through 54.9	1.0%
55 through 74.9	2.0%
75 through 99.9	4.0%
100 and above	5.0%

- E. After consideration of all of the factors set forth in this Item No. 70, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on the net balance.
- F. 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 deduction allowed pursuant to the rules and regulations contained herein.

75. EVIDENCE OF RECEIPTS AND DELIVERIES

Crude petroleum received from shipper and crude petroleum delivered to consignee shall, in each instance, be evidenced by tickets or Carrier's statements containing data essential to the determination of quantity.

77. [W] APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES

- A. When there shall be nominated to Carrier, for transportation, more Crude Petroleum than can be immediately transported on a pipeline System, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments shall be prorated separately if necessary.
- B. Space in each System will be allocated among "Regular Shippers" and "New Shippers" as follows:
 - 1. The capacity of the System being prorated shall be divided by the total of all volumes nominated by Regular Shippers and New Shippers. The resultant factor shall be the "proration factor".
 - 2. Each New Shipper shall be allocated space equal to its nominated volumes multiplied by the proration factor, except than in any month for which Carrier is allocating capacity on a System, the capacity allocated to a Regular Shipper shall not be reduced by more than ten percent of the regular Shipper's base period shipments.
 - 3. The remaining capacity shall be allocated among Regular Shippers in proportion to their

base period shipments.

- C. The "base period" is a period of twelve (12) months beginning thirteen (13) months prior to the month of allocation and excluding the month preceding the month of allocation. A "Regular Shipper" is any Shipper having a record of movements in the System being prorated, during the base period. A "New Shipper" is a Shipper who is not a Regular Shipper. In no event will any portion of allocated capacity to a New Shipper be used in such a manner that it will increase the allocated capacity of another Shipper beyond the allocated capacity that Shipper is entitled to under the provisions stated in this Item No. 77. Carrier may require written assurances from responsible officials of Shippers regarding use of allocated capacity stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make its allocated capacity available to another Shipper, or in the event any Shipper shall receive and use any allocated capacity from a New Shipper, then, in the month following discover of such violation, the allocated capacity of a New Shipper will be reduced to the extent of the excess capacity made available and the allocated capacity of a Shipper will be reduced to the extent of excess capacity used.
- D. No Nominations shall be considered beyond the amount that the nominating party has readily accessible for shipment. If a Shipper is unable to tender Crude Petroleum equal to the space allocated to it, Carrier will reduce that Shipper's volumes for the succeeding month by the amount of allocated throughput not utilized during the preceding month if apportionment is necessary.

80. LIABILITY OF CARRIER

The Carrier, while in possession of any of the crude petroleum herein described, shall not be liable for any loss thereof, damage thereto, or delay, except to the extent that liability therefore is imposed on the Carrier by law. In case of loss of crude petroleum for which Carrier is not responsible, the shipper shall bear the loss. Where such loss occurs in a tank containing crude petroleum which is the property of more than one shipper, or in a line to a segregated batch of crude petroleum which is the property of more than one shipper, each shipper shall bear the loss in such proportion as his total volume in said tank or batch bears to the total volume in said tank or batch.

85. DUTY OF CARRIER

Carrier shall not be required to transport crude petroleum except with reasonable diligence, considering the quality of the crude petroleum, the distance of transportation and other material elements, and will not accept crude petroleum to be transported in time for any particular market.

90. RATES APPLICABLE

The rate and the rules and regulations which shall apply to the transportation of crude petroleum and indirect products shall be the rate and the rules and regulations in effect on the date the crude petroleum and/or indirect products are received by Carrier for transportation.

95. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and at the discretion of Carrier, may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Crude petroleum accepted for gathering and/or transportation shall be subject to the rates in effect on the date of receipt by Carrier, irrespective of the date of the tender. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to 125% of prime rate as quoted by a major New York bank. Shipper shall be responsible to Carrier for any attorney fees or other costs incurred in connection with the collection of payments due to Carrier by shipper. Carrier shall have a lien on all crude petroleum accepted for transportation to secure the payment of all charges, including demurrage charges and may refuse to make delivery of the crude petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days, as computed from the first seven o'clock a.m. after written notice is mailed to shipper of Carrier's intention to enforce its lien as herein provided, or when there shall be failure to take the crude petroleum at the point of destination as provided in Item No. 50 (NOTICE OF DELIVERY, DEMURRAGE) within five days, as computed from the first seven o'clock a.m. after expiration of the notice therein provided, Carrier shall have the right through an agent to sell said crude petroleum at public auction, for cash, between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after notice of the time and place of such sale and the quantity, general description, and location of the crude petroleum to be sold has been published in a daily newspaper of general circulation published in the town or city where sale is to be held, and sent by facsimile (or other comparable means) to shipper. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the crude petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto; if the proceeds of said sale do not cover all expenses incurred by Carrier, the shipper and/or consignee are liable to Carrier for any deficiency

100. CLAIMS

Notice of claims for loss or damage in connection with shipments must be made to Carrier in writing within nine (9) months and one (1) day after same shall have accrued, or, in case of failure to make delivery,

within nine (9) months and one (1) day after a reasonable time for delivery shall have elapsed. Such claims, fully amplified, must be filed with Carrier within nine (9) months and one (1) day thereafter, and unless so made and filed, Carrier shall be wholly released and discharged therefrom and shall not be liable therefore in any court of justice. No suit at law or in equity shall be maintained upon any claim unless instituted within two (2) years and one (1) day after the cause of action accrued. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the crude petroleum.

Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be accepted.

105. PIPEAGE OR OTHER CONTRACTS

Separate pipeage and other contracts in accord with applicable tariff and these rules and regulations covering further details may be required by Carrier before any duty of transportation shall arise.

110. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

For crude petroleum accepted for transportation from any point on Carrier's lines not named in a particular tariff which is intermediate to a point from which rates are published therein, through such unnamed point, Carrier will apply from such unnamed point the rate published therein from the next more distant point specified in such tariff. For crude petroleum accepted for transportation to any point not named in a particular tariff which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply.

115. DIVERSION OR RECONSIGNMENT

Subject to Item No. 40 (RECEIPT FACILITIES REQUIRED), diversion or reconsignment may be made without charge if requested in writing by shipper prior to delivery at original destination, subject to the rates, rules and regulations applicable from point of origin to point of final destination, upon condition that no out-of-line or backhaul movement will be made.

120. INTRASYSTEM TRANSFERS

Intrasystem transfers of title to crude petroleum in Carrier's custody will not be recognized by Carrier.

125. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS

Carrier will require each shipper to supply a pro rata share of crude petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's pipeline system prior to delivery. Crude petroleum provided by shippers for this purpose may be withdrawn only after: (1) shipments have ceased and shippers have notified Carrier in writing to discontinue shipments in the Carrier's system, and (2) shipper balances have been reconciled between shippers and Carrier. Carrier, at its discretion, may require advance payment of transportation charges on the volumes to be cleared from Carrier's system, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to shipper withdrawal.

130. CHARGE FOR COMPENSATION FUND FEES INCURRED BY CARRIER

In addition to the transportation charges and all other charges accruing on crude petroleum accepted for transportation through Carrier's facilities, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier in connection with such commodity, as the result of any Federal, State or local act or regulation which levies a tax, fee, or other charge, on the receipt, delivery, transfer or transportation of such commodities within their jurisdiction for the purpose of creating a fund for prevention, containment, cleanup and/or removal of spills and/or the reimbursement of parties sustaining loss therefrom. Carrier is authorized to collect from shipper the fee required to be paid pursuant to Public Utilities Code Section 421.