

GEL OFFSHORE PIPELINE, LLC

PROPORTIONAL LOCAL TARIFF AND RESERVE COMMITMENT INCENTIVE PROGRAM

The rates named in this tariff are for the transportation of CRUDE PETROLEUM by pipelines, subject to the regulations named herein and the Quality Bank rules published in GEL Offshore Pipeline, LLC's F.E.R.C. No. 2.0.0, and successive issues thereof.

Issued in compliance with 18 CFR § [W] 342.3 (Indexing) 341.3.

ISSUED May 25, 2018

EFFECTIVE July 1, 2018

The provisions published herein will, if effective, not result in any effect on the quality of the human environment.

Issued By
Karen N. Pape, Senior Vice President and Controller
GEL Offshore Pipeline, LLC
919 Milam, Suite 2100
Houston, Texas 77002
713-860-2626

TABLE OF RATES
[N] ALL RATES ARE INCREASED UNLESS NOTED

RATE IN CENTS PER BBL. OF 42 U.S. GALLONS				
FROM	TO	BASE RATE	RESERVE COMMITMENT INCENTIVE PROGRAM ⁽¹⁾	VOLUME INCENTIVE PROGRAM
(Offshore Louisiana) BLOCK 312, EUGENE ISLAND AREA BLOCK 315, EUGENE ISLAND AREA BLOCK 141, SHIP SHOAL AREA BLOCK 181, SHIP SHOAL AREA BLOCK 128, SOUTH MARSH ISLAND AREA BLOCK 142, SOUTH MARSH ISLAND AREA BLOCK 13, SOUTH PELTO AREA BLOCK 22, SOUTH PELTO AREA	CAILLOU ISLAND STATION, LOUISIANA (Terrebonne Parish)	99.37		[U] 80.00 ⁽²⁾
BLOCK 327, EUGENE ISLAND AREA		112.82		
BLOCK 141, SOUTH MARSH ISLAND AREA		116.59		
BLOCK 342, EUGENE ISLAND AREA (SUB SEA TAP VALVE CONNECTION) BLOCK 349, EUGENE ISLAND AREA		268.40		
BLOCK 139, SOUTH MARSH ISLAND AREA (SUB SEA TAP VALVE CONNECTION) BLOCK 331, VERMILLION AREA		284.35	More than 2.0 million bbls [U] 107.00	
BLOCK 350, VERMILLION AREA		338.47		
BLOCK 369, VERMILLION AREA		419.04	More than 4.0 million bbls [U] 127.00	
BLOCK 346, EAST CAMERON AREA		419.04	More than 4.0 million bbls [U] 127.00	

APPLICATION OF RATES

The rates named in this tariff are applicable on shipments to destination named herein, for subsequent transportation beyond.

- (1) Reserve commitment incentive rates apply to all shipments and all Shippers of crude oil from reserve developments committed to GEL Offshore Pipeline, LLC (GOPL) by contract for the life of the reserves. Reserve estimates to determine eligibility for discount level shall be based upon data submitted by owners of the reserves to GOPL and agreed upon, using generally accepted reservoir engineering principles, between owners of the reserves and GOPL. In the event of a disagreement between owners of the reserves and GOPL as to the reserve estimate, the reserve estimate shall be conclusively determined by a licensed petroleum engineer who is not affiliated with either owners of the reserves or GOPL, all costs of such determination shall be borne by owners of the reserves.
- (2) Volume incentive rates will apply for any Shipper who delivers 65,625 barrels or greater per month specifically for the movements indicated. Any Shipper who delivers less than 65,625 barrels per month will be charged the base rate of [I] 99.37 cents per barrel.

RULES AND REGULATIONS

This Carrier will undertake the transportation of crude petroleum as defined herein, receiving and delivering the same through its own facilities and lines, subject to the following rules and regulations:

Rule 1. Definitions. — As used in these rules and regulations, the following meanings are applicable:

“Barrel” means forty-two (42) United States gallons.

“Carrier” means and refers to GEL Offshore Pipeline, LLC.

“Crude Petroleum” means either the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil or gas wells including gasoline and liquified petroleum gases, all of which are of merchantable quality.

“Nomination” means a written designation by a Shipper to the Carrier of an approximate quantity of crude petroleum for transportation from a specified origin point(s) to a specified destination point(s) over a period of one operating month in accordance with these rules and regulations.

“Operating Month” for a Shipper means any calendar month in which the Carrier transports crude petroleum for the account of such party. For purpose hereof the calendar month shall be deemed to begin at 7:00 a.m. (Eastern Time) on the first day of such month.

“Operator” means the party who is designated and appointed by the Carrier to perform those activities related to the physical operation, maintenance and repair of the Carrier’s pipeline.

“Shipper” means the party who contracts with the Carrier for the transportation of crude petroleum subject to and in accordance with these rules and regulations subject to the rate in this tariff.

“Tender” means an offer by a Shipper to the Carrier of an approximate quantity of crude petroleum for transportation from a specified origin point(s) to a specified destination point(s).

Rule 2. Commodity. — Carrier is engaged primarily in the transportation of crude petroleum and will not accept any other commodity for transportation under this tariff. Crude petroleum tendered for transportation which differs in quality or characteristics from that usually transported by the Carrier, will, at the option of the Carrier, be transported under such terms as the Shipper and the Carrier may agree. Such shipments will only be considered when they can be transported, as time permits, with existing facilities and when they will not seriously impair the quality of other shipments.

Rule 3. Offshore Platform Facilities and Operating Procedures. — Carrier or its authorized representative shall have access to the platform from which shipments are received for the purpose of examining and checking meters and other installations utilized in connection with the handling of crude petroleum injected into the pipeline.

Shippers, upon request of Carrier, shall install, maintain and operate, or make arrangements with platform owners to install, maintain and operate equipment to inject corrosion inhibitor into the pipeline. Shippers shall purchase, or cause to be purchased, corrosion inhibitor. The injection of such corrosion inhibitor and the type of inhibitor used shall be subject to the approval and control of the Carrier.

Shippers shall furnish or arrange with platform owners to furnish pumping equipment necessary to inject its crude petroleum into the pipeline. The Carrier shall have the right to limit and control the maximum pumping rate and scheduled pumping periods for injection into the pipeline. Such pumping equipment shall be sized so that the pumping rate shall not exceed 120 percent of the average rate required to inject the quantities of crude petroleum scheduled for shipment from the production platform during the operating month.

Shippers shall provide, or arrange with platform owners to provide, one voice communication circuit plus one data communications circuit for each connected platform pumping facility to a point on a microwave system provided or arranged for by Carrier and the necessary transducers and transmission equipment to enable the Operator to monitor meter readings and pipeline injection pressure.

Physical and legal transfer of custody of crude petroleum to Carrier shall be at points where producers’ or other delivering parties’ lines are connected to Carrier’s existing facilities; however, measurement of quantities received for the account of Shippers at such points shall be determined by measurement facilities installed on the production platforms where the crude petroleum is produced or to which it is moved for delivery into Carrier’s existing facility.

Shippers shall install or cause platform owners to install the following equipment which must be in accordance with applicable API and ASTM standards and satisfactory to the Carrier:

(a) positive displacement metering and meter proving equipment capable of continuous custody measurement, and

(b) devices for continuous proportional-to-flow sampling of the crude petroleum. The pipeline operator shall have the right to require uniform measurement and sampling equipment/procedures at all installations so that

custody transfer measurements are made on a uniform basis. If piston pumps are used, surge absorbers or dampers shall be installed upon reasonable request of Carrier to reduce meter pulsation to a minimum.

Shipper shall provide the facilities necessary for promptly receiving the crude petroleum at the destination point as it arrives at the full line delivery rates and pressure as designated by the Carrier.

Rule 4. Quality of Crude Petroleum. — Carrier will accept for transportation crude petroleum which can be commingled or intermixed with a grade of crude petroleum which Carrier regularly transports between the origin and destination points without substantially reducing the value or altering the quality of any grade of crude petroleum regularly transported over the route of shipment.

Carrier will accept crude petroleum for transportation only on condition that Carrier shall not be liable to Shipper for changes in gravity or quality of the Shipper's crude petroleum which may occur from commingling or intermixing such crude petroleum with other crude petroleum in transit. The Carrier is not obligated to deliver to Shipper the identical crude petroleum tendered by the Shipper. However, the Carrier will deliver a grade of crude petroleum as nearly like the grade of crude petroleum received as Carrier is regularly transporting as a common stream to the same destination point in the operating month.

Carrier will, from time to time, determine which grades of crude petroleum it will regularly transport as a common stream between particular receipt points and destination points on its pipeline system. Carrier will inform all interested persons of such determination upon request. Carrier may, from time to time, undertake to transport other or additional grades of crude petroleum and Carrier may, from time to time, after giving reasonable notice to persons who may be affected, cease to transport particular grades of crude petroleum.

Carrier will also accept for transportation a grade of crude petroleum which does not meet the above conditions of this Rule, provided that:

- (a) Carrier has available facilities to segregate such grade of crude petroleum while it is in transit from all other grades of crude petroleum and if required, Shipper shall provide such buffers as Carrier solely deems necessary; and
- (b) Carrier shall not be liable to Shipper for changes in the gravity or quality of such grade of crude petroleum while in transit; and
- (c) The crude petroleum tendered for transportation is made available at the receipt point in sufficient quantity as Carrier solely deems economically justifiable.

Carrier reserves the right to reject all tenders of crude petroleum when, in Carrier's sole determination: (1) the Reid vapor pressure of the crude petroleum, or any mixture thereof with indirect products, exceeds eleven (11) pounds; (2) the true vapor pressure of the crude petroleum, or any mixture thereof with indirect products, might result in Carrier's noncompliance with Federal, State, or local requirements regarding hydrocarbon emissions; (3) the crude petroleum contains more than one percent water; (4) the crude petroleum has been partially refined; or (5) the crude petroleum has been contaminated by the presence of any chemicals including, but not limited to, chlorinated and/or oxygenated hydrocarbons and lead. Crude petroleum delivered to Carrier's facilities which does not meet these specifications shall be considered contaminated. If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities contaminated crude petroleum, such Shipper will be excluded from further entry into applicable segments of the System until such time as quality specifications are met. Further, Carrier reserves the right to dispose of any contaminated crude petroleum blocking its System, provided such crude petroleum is not removed by the Shipper having title thereto upon reasonable notice to it by Carrier. Disposal thereof may be made by public sale if necessary.

The Carrier shall have no responsibility relative to the revaluations or settlements among Shippers due to the mixing of component parts of crude petroleum streams between the receipt point and delivery point of such streams by the Carrier. The Carrier will, however, furnish to Shipper or its representative, such data as Carrier and Shipper shall agree as to the properties of crude petroleum received into and delivered out of the respective common streams.

Rule 5. Title. — A tender of crude petroleum for transportation shall be deemed a warranty of unencumbered title and merchantability at the time of tender. The Carrier may, in the absence of adequate security, decline to receive any crude petroleum for transportation.

Rule 6. Intrasystem Change in Ownership. — Carrier shall neither recognize nor account for changes in ownership of crude petroleum within the System.

Rule 7. Time for Submitting Nominations. — The Carrier is under no obligation to accept a tender of crude petroleum for shipment for any operating month unless the Shipper submits its nomination to the Carrier on or before the tenth (10th) day of the preceding calendar month.

Rule 8. Apportionment when Nominations are in Excess of Facilities. — When there shall be nominated to Carrier for transportation more crude petroleum than can be immediately transported, based on the capacity of the System or any line segment thereof, the following policy will apply:

I. Definitions

“Proration Month” is the calendar month for which space is being allocated.

“Calculation Month” is the calendar month immediately preceding the Proration Month, during which allocations for the Proration Month will be determined.

“Base Period” is the 24-calendar month period two months prior to the Calculation Month. Individual months within the Base Period are designated by Nos. 1 through 24, with “Month 1” being the month two months prior to the Calculation Month and “Month 24” being the oldest Base Period month. For example, if the calculation month is June, “Month 1” will be April.

A “Regular Shipper” is any shipper having a record of movements in the line segment being prorated during the Base Period.

A “New Shipper” is any shipper who is not a Regular Shipper. A New Shipper will become a Regular Shipper three months after the first month the New Shipper nominates.

“Base Shipments” are the average monthly movements 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) 24 or (b) the number of the Base Period month within which the Regular Shipper first moved crude petroleum on GEL’s Eugene Island Pipeline space.

II. Proration Procedure

When nominated volumes for any month exceed GEL’s Eugene Island Pipeline space, space shall be allocated among shippers by the following procedure:

- (1) The nominated volumes for each Regular Shipper and each New Shipper shall be totaled and divided into GEL’s Eugene Island Pipeline space. The resultant fraction will be the “Proration Factor”.
- (2) Each New Shipper shall be allocated space equal to its nominated volumes multiplied by the Proration Factor.
- (3) The remaining space 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) nominated volumes, the excess of its (their) allocation(s) over its (their) nominated volumes will be reallocated among all other shippers in proportion to their Base Shipments.
- (5) To discourage shippers from inflating nominations, a shipper’s space allocation will be reduced by a “penalty” in the next Proration Month for which that shipper nominates. The “penalty” is equal to the total of all space allocated to the shipper and not shipped in the Base Period less the amount of any “penalty” applied in such Base Period. The allocation reduction will not exceed the shipper’s space allocation, so any “penalty” that exceeds the Proration Month’s allocation will be carried forward to the next Proration Month for which the shipper nominates.
- (6) During any Proration Month, shippers under the reserve commitment incentive program are released from shipping their barrels on Carrier for the barrels in excess of their allocated capacity.

III. General

In no event will any portion of an allocation granted to a New Shipper be used in such manner that it will increase the allocation of another shipper beyond what he is entitled to under this Proration Policy. GEL may

require written assurances from responsible officials of shippers regarding use of allocated space stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make available to another shipper or in the event any shipper shall receive and use any space from a New Shipper through violation of this requirement, the allocated space for both shippers will be reduced to the extent of the excess space so made available or used in the shipping cycles next following discovery of the violation which are under proration.

When nominations submitted by Shippers to Carrier on or before the tenth (10th) of the month preceding the operating month do not exceed the capacity of the System or any line segment thereof, additional nominations may be accepted by the Carrier to fill capacity. These additional nominations will be accepted only if they do not impair the movement of crude petroleum nominated before the tenth (10th) of the preceding month.

Rule 9. Inventory Requirements. — Carrier will require each Shipper to supply a prorata share of crude petroleum necessary for pipeline fill and efficient operation of the Carrier's pipeline System prior to delivery. Crude petroleum provided by Shipper for this purpose may be withdrawn from Carrier's System in an operating month 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.

Rule 10. Measuring, Testing and Deductions. — Upon delivery at final destination quantities shall be computed from tank tables on a 100 percent volume basis, or, when agreed upon, quantities may be measured through meters. Volumes thus determined will be corrected as to temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit. A centrifuge machine, or other methods agreed upon, shall be used for ascertaining the percentage of basic sediment, water or other impurities in the crude petroleum and the full amount of basic sediment, water and other impurities, thus determined shall be deducted from the corrected volume. Quantities received from each Shipper shall be determined by allocating and dividing among the Shippers from whom the crude petroleum was received, the amount delivered at final destination in the proportion that the quantity received from each Shipper bears to the total quantity received from all Shippers. Transportation charges shall be assessed on the quantities thus determined. The quantity of crude petroleum deliverable at final destination shall be the quantity received at origin, less shrinkage, evaporation or other loss in transit. Losses due to leaks or pipeline breaks resulting from any cause other than the negligence of the Carrier shall be shared proportionately among the Shippers in the particular pipeline segment. All other losses, however occurring, shall be borne by Shippers and be shared proportionately by Shippers as described in Rule 16.

Rule 11. Acceptance of Delivery. — On 24 hours' notice to Shipper, Carrier may begin delivery of a shipment to Shipper at its current rate of pumping. If all of such shipment cannot be received by Shipper, a demurrage charge of [U] one cent (1¢) per barrel per 24 hours shall accrue, from the time said notice expires, on that part of such shipment which is not received by Shipper.

If a shipper is not able to receive crude petroleum from Carrier at the time when Carrier has scheduled a delivery, and if Carrier has no means of withholding delivery of such crude petroleum, then Carrier shall have the right to clear its line and sell such crude petroleum and apply the proceeds thereof to accrued transportation charges and all other lawful charges and fees which shall be due as if delivery of such crude petroleum had been made at the rate specified in the applicable tariff; and to hold the balance of such proceeds for whomsoever may be entitled thereto.

Rule 12. Rates Applicable. — Crude petroleum transported shall be subject to the rates, and governed by the rules and regulations in effect on date such crude petroleum is received by the Carrier.

Rule 13. Applicable Rates from Intermediate Points. — Crude petroleum accepted for transportation from any point on the Carrier's lines not named in the tariff, will be deemed as having been received at the next more distant point named in the tariff for purpose of determining the rate to be charged.

Rule 14. Charge for Spill Compensation. — In addition to the transportation charges and all other charges accruing on crude petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such commodity, pursuant to 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 the prevention, containment, clean up and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom.

Rule 15. Payment of Charges. — The Shipper shall be obligated to pay Carrier all charges and fees upon Carrier's performance of the designated service(s). Payment of such charges and fees shall be made in accordance with invoice terms and these rules and regulations. The Carrier may, at its option, require the Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to the Carrier.

Carrier is entitled to a lien for all unpaid accrued charges and fees. Such lien attaches to any crude petroleum retained by Carrier for the Shipper's account. Carrier may, at its option, refuse to deliver a Shipper's crude petroleum until all charges or fees owed to Carrier has been paid in full by such Shippers.

If any charge remains unpaid after the payment due date, then such amount due shall bear interest calculated at an annual rate equivalent to 125% of the prime rate of interest charged by the Citibank N.A. of New York, New York, for loans made to substantial and responsible commercial borrowers from the payment due date of the invoice to the date payment is received by the Carrier.

If any such charges or fees remain unpaid for thirty (30) calendar days after the payment due date, the Carrier shall have the right, either directly or through an agent, to sell any of the Shipper's crude petroleum in the custody of the Carrier. From the proceeds of this sale, Carrier will deduct all transportation charges, other lawful charges and fees and interest due to Carrier, including expenses incident to said sale, and the balance of the remaining proceeds, if any, shall be held by Carrier for whomsoever may be lawfully entitled thereto. If proceeds from such sale are not sufficient, Shipper will remain liable for any deficiency including the above interest charges.

Rule 16. Liability of Carrier. — Carrier, while in possession of any crude petroleum, will not be liable for any loss thereof or damage thereto caused by the act of God, the public enemy, quarantine, the authority of law, strikes, riots or the act or default of the Shipper, or from any other cause not due to the negligence of Carrier. In the event there is any loss of crude petroleum other than through the negligence of Carrier, the Shipper(s) whose crude petroleum has been tendered to the Carrier and scheduled for transportation over that segment of the System in which the loss occurs shall bear such loss in the same proportion that the amount of its tendered crude petroleum scheduled for transportation over such segment at the time of the loss bears to the total amount of crude petroleum then tendered and scheduled for transportation over such segment. Such Shipper(s) shall be entitled to receive only such remaining proportion of its tender as is left after deducting its due portion of the loss.

Rule 17. Claims, Suits, Time for Filing. — As a condition precedent to recovery for loss or damage, claims must be filed in writing with the Carrier 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; and suits must be instituted against the Carrier within two (2) years and one (1) day from the day that notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof. Where claims are not filed or suits are not instituted in accordance with the foregoing provisions, Carrier is not liable and such claims will not be paid.

Rule 18. Pipage or Other Contracts Required. — Separate pipage and other contracts in accord with this tariff and these rules and regulations covering further details may be required by the Carrier before any duty for transportation shall arise.

Rule 19. Quality Bank Rules for Eugene Island Pipeline System. — Gravity and Sulfur Bank — Shippers will be required, as a condition of tendering, to participate in a Gravity and Sulfur Bank. For quality bank details applicable to movements shown on this tariff, see GEL Offshore Pipeline, LLC's F.E.R.C. No. 2.0.0, and successive issues thereof.

EXPLANATION OF REFERENCE MARKS

- [W] Change in wording only
- [I] Increase
- [U] Unchanged rate