

Hilcorp Pipeline Company, LLC

LOCAL PROPORTIONAL TARIFF

Containing Rates, Rules and Regulations

FOR THE INTERSTATE TRANSPORTATION OF

CRUDE PETROLEUM

BY

PIPELINE

TABLE OF RATES

FROM	TO	RATE IN CENTS PER BARREL OF 42 UNITED STATES GALLONS
EPL Pipeline Vermilion Block 38 Lateral Interconnect, Vermilion Parish, Louisiana	Forked Island Terminal	[I] <u>283.44</u>

Filed pursuant to 18 C.F.R. § [W] 342.4(c) ~~342.3~~ of the Commission regulations [W]
(Settlement Rates) ~~(Indexing)~~.

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

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TABLE OF CONTENTS

SUBJECT	ITEM NO.	PAGE NO.
Additional Arrangements	17	7
Application of Carrier's Rates from Intermediate Points	14	6
Apportionment When Nominations are in Excess of Facilities	6	4
Charge for Spill Compensation	16	7
Claims, Suits, Time for Filing	11	6
Commodity	5	4
Common Stream Petroleum Connection Carriers	12	6
Definitions	1	3
Delivery Facilities Required	2	3
Diversion or Reconsignment	15	6
Gauging, Metering, Testing & Deductions	8	5
Liability of Carrier	7	5
Line Fill Requirements	20	7
Loss Adjustment	9	5
Mixing with Other Crude Petroleums	4	4
Payment of Charges	10	5
Pumping Equipment Necessary	18	7
Rates Applicable	13	6
Tenders	3	3
Title	19	8

RULES AND REGULATIONS

1. Definitions

As used in these rules and regulations, the following terms have the following meanings:

“Barrel” means forty-two 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 pressure if the vapor pressure of the petroleum is above atmospheric pressure.

“Carrier” means and refers to Hilcorp Pipeline Company, LLC.

“Consignee” means the party to whom a Shipper has ordered delivery of Crude Petroleum.

“Merchantable 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, provided that the products meet the specifications provided in Item No. 5.

“Nominations” 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.

“Reid Vapor Pressure” is a method of testing to determine absolute vapor pressure of volatile crude oil and volatile non-viscous petroleum products at 100°F in pounds per square inch.

“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 on the applicable 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).

2. Delivery Facilities Required

(a) Since Carrier does not have available and does not hold itself out to provide storage for Shippers' crude petroleum at origin, destination, or intermediate points, no duty to transport will arise until evidence satisfactory to Carrier has been furnished that Shipper or Consignee has provided necessary facilities to which Carrier is connected and has made necessary arrangements for acceptance of delivery at destination.

(b) In the event there is a failure of Shipper or Consignee to take crude petroleum at designation as provided in this tariff, then Carrier shall have the right to sell such petroleum at private sale for the best price obtainable. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation charges and other necessary expense of caring for and maintaining the crude petroleum, and the balance shall be held for whosoever may be lawfully entitled thereto.

3. Tenders

(a) Crude petroleum will be transported only under a tender from facilities connected to Carrier's system when a tariff covering the movement is lawfully in effect and on file with the FERC.

(b) Any Shipper desiring to tender crude petroleum for transportation shall make such tender to the Carrier in writing on or before the fifteenth day of the month preceding the month during which the

transportation under the tender is to begin. Unless such notification is made, the Carrier will be under no obligation to accept crude petroleum for transportation. However, if operating conditions permit, and at the sole discretion of the Carrier, tenders for crude petroleum may be accepted for transportation after the fifteenth day of the month preceding the month during which the transportation under the tender is to begin.

4. Mixing with Other Crude Petroleum

All such crude petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity or quality while in transit as may result from the mixture of said crude petroleum with other crude petroleum in the pipelines or tanks of this, or the connecting, company or companies.

5. Commodity

This Carrier is engaged in the transportation of merchantable crude petroleum exclusively, and, therefore, will not accept for transportation any commodity other than good merchantable crude petroleum adapted for refining or fuel purposes, including indirect and direct liquid products properly settled. The Company reserves the right to refuse to accept for transportation any crude petroleum oil containing more than five-tenths of one percent (5/10 of 1%) of basic sediment, water and other impurities, of which no more than two-tenths of one percent (2/10 of 1%) can be water. Additionally, Carrier will not accept any crude petroleum oil containing more than 5 ppm of organic chlorides.

The indirect liquid products of oil or gas wells, as used herein, means natural gasoline and/or petroleum condensate together with such liquid components which may, by nature, be part thereof, derived from a processing plant. Such indirect products must be substantially free of propane and lighter hydrocarbons.

The direct liquid products of oil or gas condensate wells, as used herein, means liquids as produced in a natural state from such wells.

(a) The indirect liquid products of oil or gas wells, hereinafter referred to as indirect products, will be accepted and transported as a mixture with the direct liquid products of oil or gas condensate wells, hereinafter referred to as direct products, only under the following conditions:

(1) The Reid vapor pressure of the indirect products shall not exceed forty (40) pounds per square inch, absolute, at temperature of one hundred (100) degrees Fahrenheit.

(2) The Reid vapor pressure of the resulting mixture of the direct products and the indirect products shall not exceed thirteen (13) pounds per square inch, absolute, at temperature of one hundred (100) degrees Fahrenheit.

(3) Carrier reserves the right to determine, under its operating conditions, the permissible limit and rate of injection of indirect products to direct products. The indirect products portion of the mixture may be accepted for transportation at points other than the points of receipt where the direct products are injected into the compatible stream.

(b) The direct products and indirect products will be measured and tested separately, and must be shown separately on the tender form.

(c) Mixtures will be transported and delivered as crude petroleum. Nothing in this item will waive provisions of Rule 8 of this tariff, or require the Carrier to receive, transport or deliver unmixed indirect products, except that unmixed indirect products will be gathered for subsequent mixing with direct products, in accordance with this rule, where facilities exist for performing a gathering service for such indirect products.

(d) Carrier will not accept or transport crude petroleum containing more than 5 ppm of organic chlorides.

6. 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, the transportation furnished by Carrier shall be apportioned among all Shippers in proportion to the amounts nominated by each, based on the capacity of the System or any line segment thereof. No nominations shall be considered beyond the amount which the party requesting shipment has readily accessible for shipment. If a Shipper is unable to tender crude petroleum equal to the space allocated to it, its volume for the succeeding month may be reduced by the amount of allocated throughput not utilized during the preceding month if apportionment is necessary.

When nominations submitted by Shipper to Carrier on or before the twenty-fifth (25th) 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 twenty-fifth (25th) of the preceding month.

7. Liability of Carrier

Carrier, while in possession of any crude petroleum, will not be liable for any loss thereof, or damage thereto, caused by an 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 as the amount of its tendered crude petroleum scheduled for transportation over such segment. Such Shipper(s) shall be entitled to receive only such remaining portion of its tender as is left after deducting its due portion of the loss

8. Gauging, Metering, Testing and Deductions

Crude petroleum tendered to this Carrier shall be gauged or metered and tested by a representative of this Carrier prior to its acceptance for transportation. The Shipper shall have the privilege of being present or represented at the gauging or metering and testing. If tank tables are used, quantities shall be computed from correctly compiled tank tables on a one hundred percent (100%) volume basis showing the gross volume at the observed fluid temperature, and corrections will be made to the basis of sixty degrees (60°) Fahrenheit on the basis of the latest available ASTM-IP petroleum measurement tables, latest American edition. A centrifuge machine or other method shall be used for ascertaining the percent of basic sediment, water or other impurities as ascertained shall be deducted from the corrected volume.

Unless specific rules and regulations published in tariffs provide otherwise, Carrier shall deduct a percentage of the volume of all crude petroleum, the gravity of which equals or exceeds 55 degrees API, whenever such crude petroleum is to be mixed with other crude petroleum in transit, in accordance with the following table:

Degrees API Gravity	Percentage Deduction
Less than 55	None
55 to 74.9	1
75 to 99.9	2
100 and above	3

Whenever there is substantial evidence of meter malfunction in a custody transfer measurement, the parties involved in the custody transfer shall negotiate an appropriate adjustment on the basis of the most reliable and accurate information available.

9. Loss Adjustment

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. Carrier loss adjustment will be made monthly on the basis of total quantities transported and shall be based on the prior three years' actual experience, adjusted to actuals at the end of the year.

10. 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 a letter of credit satisfactory to the Carrier.

Carrier is entitled to a lien for all 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: (1) deliver to the Shipper, or (2) recognize and record any change in ownership of crude petroleum for the account of a Shipper until all charges or fees owed to Carrier have been paid in full.

Any amounts not paid when due shall bear interest from the date due until paid, as applicable, at a rate equal to four percent (4%) over the prime interest rate first published each month in The Wall Street Journal or if such rate is unlawful, the highest lawful rate permitted by applicable law. Such interest shall accrue beginning on the payment due date and shall continue to accrue until said amount (plus all applicable interest) is paid.

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 within the custody of the Carrier.

From the proceeds of this sale, Carrier will deduct all transportation charges, change in ownership charges, other lawful charges, fees and interest due to Carrier, including expenses incident to said sale. The balance of the remaining proceeds, if any, shall be held by Carrier for whosoever 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.

11. Claims, Suits, Time for Filing

As a condition precedent to recovery, claims must be filed in writing with the initial or delivering Carrier within nine (9) months after delivery of the property, or, in case of failure to make delivery, within nine (9) months after a reasonable time for delivery has elapsed. Suits shall be instituted against any Carrier only within two (2) years and one day from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereto specified in the notice.

12. Common Stream Petroleum Connecting Carriers

When both receipts from and/or deliveries to a connecting carrier of substantially the same grade of crude petroleum are scheduled at the same interconnection, Carrier reserves the right to offset like volumes of such common stream crude petroleum.

13. 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.

14. Application of Carrier's Rates from Intermediate Points

On crude petroleum accepted for transportation from any point on the originating lines, but not named in its tariff, which is intermediate to a point from which rates are published through such unnamed point, the rate published herein from the next more distant point specified in the tariff will apply from such unnamed point.

15. Diversion or Reconsignment

Diversion or reconsignment may be made, without charge, if requested in writing by the Shipper prior to delivery at original destination, subject to the rates, rules and regulations applicable from point of origin to point of final destination, provided that no out-of-line or backhaul movement will be made.

16. 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, cleanup and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom.

17. Additional Arrangements

Carrier reserves the right to impose additional requirements, not specifically nominated herein, that may be necessary to meet its obligations to other pipeline Carriers or Operators.

18. Pumping Equipment Necessary (For Crude Originating Offshore)

Shippers shall furnish or arrange with platform operators 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 the scheduled pumping period for injection into the pipeline. Such pumping equipment shall be sized to meet the specifications issued by the Carrier. Specifications may be changed from time to time to facilitate the safe, efficient and economical use of Carrier's facilities to accommodate all Shippers

19. Title

When any crude petroleum tendered for transportation is involved in litigation, a dispute over ownership or title, or encumbered by a lien or charge of any kind, the Shipper shall so advise Carrier in writing not less than 5 business days before tendering for shipment. If Shipper, due to litigation, disputed ownership or encumbrance, has caused title in the crude petroleum to be in dispute, Carrier will refuse receipt or delivery of the crude petroleum until Shipper provides an indemnity bond equal to the value of the crude petroleum.

20. Line Fill Requirements

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Merchantable Crude Petroleum necessary for pipeline fill to ensure efficient operation of Carrier's pipeline system. Linefill will be determined based on shipper's six (6) month delivery average from the system. Each shipper will be required to have furnished its required linefill within three (3) months of entering the system. Merchantable Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier shall have a period of up to six (6) months from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.

EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS

API	American Petroleum Institute
ASTM-IP	American Society for Testing Materials -- The Institute of Petroleum (Great Britain)
FERC	Federal Energy Regulatory Commission
ICC	Interstate Commerce Commission
psia	pounds per square inch absolute
%	Percent
°	Degree
\$	Dollars

Explanation of Letter Designations

- [I] Increase
- [W] Change in wording only