

# ARROWHEAD GULF COAST MIDSTREAM, LLC

## LOCAL TARIFF CONTAINING RULES AND REGULATIONS

### GENERAL APPLICATION

The rules and regulations published in this tariff are for the intrastate gathering and transportation of Crude Petroleum by pipe lines owned and operated by Arrowhead Gulf Coast Midstream, LLC. Arrowhead Gulf Coast Midstream, LLC will accept and transport Crude Petroleum offered for the gathering and transportation through its facilities only as provided in this Rules and Regulations Tariff.

This tariff will apply only to those tariffs which specifically incorporate this tariff by reference; such reference includes supplements to this tariff and successive issues thereof.

In no event shall Arrowhead Gulf Coast Midstream, LLC be obligated to provide specific service under this tariff until such time construction is complete and facilities connecting each point of origin to each point of destination are placed in service.

THE PROVISIONS PUBLISHED HEREIN WILL, IF EFFECTIVE, NOT RESULT IN AN EFFECT ON THE QUALITY OF THE HUMAN ENVIRONMENT.

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EFFECTIVE: February 1, 2017

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Item 1. Definitions-

"Barrel" means a barrel of forty-two (42) gallons, United States measurements at 60 degrees Fahrenheit and zero pounds per square inch gauge pressure.

"Company" or "Carrier" means and refers to Arrowhead Gulf Coast Midstream, LLC and/or other pipeline companies which may, by proper concurrence, be parties to joint tariffs incorporating these rules and regulations by specific reference.

"Consignee" as herein used means the party, including a connecting pipeline system, to whom a Shipper has ordered the delivery of Crude Petroleum.

"Crude Petroleum," as used herein, 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 the liquid products meet specifications provided in Item 3.

"Nomination" as herein used means an offer by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination over a period of one operating month in accordance with these rules and regulations.

"Operator" means the contract operator engaged by Company to perform the physical operation and maintenance of the System.

"Shipper" means the party who tenders to the Company Crude Petroleum for transportation under the terms of this tariff.

"System" means the pipeline(s) that Company owns an interest in and to which the rules and regulations stated herein apply.

"Tender" means an offer by a Shipper to the Company of a stated quantity of Crude Petroleum for transportation from a specific origin or origins to a specified destination or destinations in accordance with these rules and regulations.

Item 2. Commodity- Company is engaged in the transportation of Crude Petroleum exclusively under this tariff, and therefore will not accept any other commodity for transportation hereunder.

Item 3. Specifications- Company will receive for transportation only good merchantable Crude Petroleum properly settled and weathered, and which contains not more than one (1) percent basic sediment, water and other impurities, and has a temperature not in excess of one hundred forty (140) degrees Fahrenheit. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four (4) inches below the bottom of the pipeline connection with the tank from which it enters Company's facilities.

No Crude Petroleum will be received unless it is of acceptable character, gravity, and viscosity such that it will have no effect on the quality of the other Crude Petroleum shipments or cause disadvantage to other Shippers and/or Company. Company reserves the right to reject any and all Crude Petroleum having vapor pressure in excess of thirteen (13) pounds per square inch, absolute, at a temperature of one hundred (100) degrees Fahrenheit.

If Crude Petroleum tendered for transportation differs materially in character from that being transported in Company's pipeline, then it will be transported, if at all, only under such terms as Company and the Shipper may agree to.

Item 4. Maintenance of Identity – Crude Petroleum will be accepted for transportation only on condition that it shall be subject to changes in gravity or characteristics while in transit as may result from the mixture with other Crude Petroleum in the pipeline of Company, or the connecting company(ies). Company shall be under no obligation to deliver the identical Crude Petroleum received, but may take delivery to Consignee out of common stock in the Company's pipeline at the delivery point.

Item 5. Origin Facilities – Shippers shall furnish or arrange with platform owner to furnish equipment and facilities deemed necessary and approved by Operator for the measurement, sampling, testing, pumping at rates and pressures specified by Operator, BS&W control, treatment or removal of hydrogen sulfide and other impurities from injection stream, safety controls, and adequate communications between Shipper and Operator.

Item 6. Storage and Destination Facilities- Storage necessarily incident to transportation will be provided by the Shipper, and the Shipper or Consignee must provide storage facilities for receiving the Crude Petroleum at destination. Company may refuse to accept Crude Petroleum for transportation unless satisfactory evidence be furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination.

Item 7. Legality of Shipments- Company reserves the right to reject any and all Crude Petroleum tendered where Shipper or Consignee has failed to comply with all applicable laws, rules, and regulations made by any governmental authorities regulating shipments of Crude Petroleum.

Item 8. Title- Company shall have the right to reject any Crude Petroleum, when tendered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and it may require of Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity bond to protect Company.

Item 9. Appointment when Tenders are in Excess of Facilities- When there shall be tendered to Company for transportation greater quantities than can be immediately transported, the transportation shall be apportioned among all Shippers in proportion to the amounts tendered by each, provided that no Tender for transportation shall be considered beyond the amount which the Shipper requesting the shipment has on hand available and ready for shipment. Company shall be considered as a Shipper of quantities tendered by itself and held for shipment through its lines, and its shipments shall be entitled to participate ratably in such apportionment.

Item 10. Delivery at Destination- The Company will transport and deliver Crude Petroleum with reasonable diligence and dispatch considering the quantity of the Crude Petroleum, the distance of transportation, safety of operations, and other material factors, but will accept no Crude Petroleum to be transported in time for any particular markets.

After any shipment has had time to arrive at destination, and/or on twenty-four (24) hour notice to Consignee, Company may begin delivery at its current pumping rate. If Shipper or Consignee is unable or refuses to receive the Crude Petroleum shipment as it arrives at destination, Company reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any expenses incurred by Company in making such arrangements shall be borne by Shipper or Consignee, which charges are in addition to transportation charges accruing to Shipper or Consignee.

Item 11. Payment of Transportation and Other Charges- Crude Petroleum accepted for transportation shall be subject to the rates in effect on the date of receipt by Company, irrespective of the date of the Tender. Shipper or Consignee shall pay Company the rate specified for transportation and all other lawful charges accruing on Crude Petroleum tendered and accepted for shipment and, if required, shall pay the same before delivery. Company shall have a lien on all Crude Petroleum in its possession to

cover charges for transportation and other lawful charges, and may withhold delivery of Crude Petroleum until said charges are paid. If such charges remain unpaid for more than five (5) days after notice of readiness to deliver, Company, by agent, may sell said Crude Petroleum at public auction at the General Office of Company, on any day not a legal holiday and not less than forty-eight (48) hours after publication of notice in a daily newspaper of general circulation published in the city where said General Office is located, said notice giving the time and place of the sale and the quantity of the Crude Petroleum to be sold. Company may be a bidder and purchaser at such sale. From the proceeds of the sale, Company may pay itself all charges lawfully accruing, and all expenses of said sale, and the net balance shall be held for whomsoever may be lawfully entitled thereto.

Item 12. Measuring, Testing, Corrections, and Deductions- All shipments tendered to Company for transportation shall be tested, gauged or metered by a representative of Company prior to or at the time of receipt from Shipper or delivery to Consignee, but Shipper or Consignee shall at all times have the privilege of being present or represented during the testing, gauging or metering. Quantities shall be corrected as to temperature from observed temperature to 60 degrees Fahrenheit basis by use of applicable API-ASTM-IP correction tables. A centrifuge machine shall be used for ascertaining the percentage of basic sediment, water and other impurities in the shipment and the full amount basic sediment, water and other impurities, thus determined, shall be deducted from the corrected volume.

Company shall account to each Shipper for all Crude Petroleum received. Any overage or shortage not due to the negligence of Company, including losses or gains from shrinkage, evaporation, expansion or other Crude Petroleum losses or gains inherent in the operation of a pipeline system, will be allocated on a monthly accrual basis among Shippers in the proportion that the total number of Barrels delivered from the pipeline system for each Shipper bears to the total number of Barrels delivered from the pipeline system for all Shippers.

The net balance, after applicable deductions defined above, and any loss provided for in Item 13 (Liability of Company), will be the quantity deliverable by Company and upon which transportation charges will be assessed.

Item 13. Liability of Company- Company shall not be liable for any loss of Crude Petroleum as described herein or damage thereto, or delay, because of an act of God, the public enemy, quarantine, the authority of law, strikes, riots, or the acts of default of Shipper or Consignee, or from any other cause not due to the negligence of Company; in case of losses from such causes, other than the negligence of Company, losses shall be charged proportionately to each shipment in the ratio that such shipment, or portion thereof, received and undelivered at the time the loss of damage occurs, bears to the total of all shipment, or portions thereof, then in the custody of Company for shipment via the line or other facilities in which the loss or damage occurs; Consignee shall be entitled to receive only that portion of his shipment remaining after deducting his proportion of such loss or damage, determined as foresaid, and shall be required to pay transportation charges only on the quantity delivered.

Item 14. Claims, Suits, Time for Filing- As a condition precedent to recovery, claims must be filed in writing with Company 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 suit shall be instituted against Company only within two (2) years and one (1) day from the day when notice in writing is given by Company has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Company shall not be liable, and such claims will not be paid.

Item 15. Use of Communication Facilities- When Company maintains a private communication system, Shippers may use the same without extra charge for messages incident to shipment. However,

Company shall not be liable for delivery of messages away from its office, delays in transmission, failures of transmission, interruption of service, or the accuracy thereof.

Item 16. Pipage Contracts- Separate pipage contracts in accord with this Tariff and these rules and regulations covering further details may be required by this Company before any duty for transportation shall arise.

Item 17. Reconsignment- If no out of line or back haul movement or interference with shipping sequence is required, diversion or reconsignment may be made prior to arrival at original destination without charge, subject to the rates, rules and regulations applicable from point of origin to point of final destination.

Item 18. Application of Rates for Intermediate Points- For Crude Petroleum shipments accepted for transportation from any point not named in tariffs making reference hereto which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, the rate published therein from the next more distant point specified in the tariffs will apply from such unnamed point, and the gathering charge at the next more distant point shall apply when gathering service is performed. For Crude Petroleum shipments accepted for transportation to any point not named in tariffs making reference hereto which is intermediate to a point to which rates are not named in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariffs will apply.

Item 19. Liability Fund- In addition to transportation charges and all other lawful charges accruing on Crude Petroleum tendered for shipment, a per Barrel charge will be assessed and collected in the amount of the tax, fee, or other charge levied against Company in connection with such Crude Petroleum, pursuant to any federal, State, or local act or regulation which levies a tax, fee, or other charge on receipt, delivery, transfer, or transportation of such Crude Petroleum within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up and removal of spills and the reimbursement of persons sustaining loss therefrom.

Item 20. Nomination, Minimum Quantity-

- (a) Unless otherwise stated on a tariff making reference to these rules and regulations, Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier's System under these rules and regulations in quantities of not less than ten thousand (10,000) 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 ten thousand (10,000) Barrels, and Carrier will not be obligated to make any single delivery of less than ten thousand (10,000) Barrels, unless Carrier's operations dictate otherwise. 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. Orders for shipment shall become operative in the order in which they shall have been received.
- (b) Crude Petroleum will be transported only under a Nomination accepted by Carrier from origins (or facilities connected to Carrier's gathering System when gathering service is to be performed by Carrier) to destinations when a tariff covering the movement is lawfully in effect and on file with the FERC as to interstate traffic and with the appropriate state commission covering intrastate traffic.

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- (c) Any Shipper desiring to tender Crude Petroleum for transportation shall make a Nomination to Carrier before 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the twenty-fifth (25th) of the month preceding the movement. When the twenty-fifth (25th) of the month falls on a weekend, Nominations will be required prior to 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the preceding workday. When the twenty-fifth (25th) of the month falls on a holiday, Nominations will be required prior to 12:00 NOON Central Standard Time/Central Daylight Saving Time, whichever is applicable, three (3) workdays prior to the holiday. The Nomination may be e-mailed or faxed. Unless such notification is made, Carrier will be under no obligation to accept Crude Petroleum for transportation.
- (d) When Nominations submitted by Shippers to Carrier on or before the twenty-fifth (25th) day 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 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) day of the preceding month.

Item 21. Quality Bank-To assure that no Shipper will be materially damaged by changes in gravity due to intermixing of Crude Petroleum in the System, Shippers will be required to participate in a Quality Bank which has been established for the System, specifics of which to be provided upon request of tendering Shipper.

Item 22. Transfers within System- Line Transfers or ownership transfers of Crude Petroleum in custody of Company within its System from one Shipper (transferor) to another Shipper (transferee) will be permitted provided:

- (a) Each transferor will be charged 0.54 cent per Barrel for each line transfer or ownership transfer of Crude Petroleum in custody of Company within its System.
- (b) All intrasystem transfer requests to Company must be made in accordance with requirements stipulated in the second paragraph of Item 20 (Nomination, Minimum Quantity). Both transferor and transferee shall provide written notice to Company containing like data relative to the kind, quantity, source, location, transferor and transferee of the Crude Petroleum and the month during which transfer is to occur. Verbal transfer requests will be recognized provided written confirmation is received by the last day of the month during which ownership transfer is requested. A transfer request, if recognized, shall be confirmed by fax in writing by both the transferor and the transferee within forty-eight (48) hours after the transfer request.
- (c) The last party accepting volumes on an intrasystem transfer shall be the Shipper of record. Carrier shall not be obligated to recognize any intrasystem transfer and shall incur no liability with respect thereto or for any losses or damages accruing to any party involved in an intrasystem transfer. Any party involved in an intrasystem transfer hereunder shall be subject to any and all applicable provisions or requirements contained in the Rules and Regulations Tariff and supplements hereto.

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#### EXPLANATION OF ABBREVIATIONS

API means American Petroleum Institute.

ASTM means American Society of Testing Materials.

IP means Institute of Petroleum (Great Britain).