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# SALA GATHERING SYSTEMS, LLC

## LOCAL TARIFF

Containing

**RULES, REGULATIONS, AND RATES**

**APPLYING TO THE TRANSPORTATION OF**

**CRUDE OIL**

(as defined herein)

**BY PIPELINE**

[W] Issued in compliance with 18 C.F.R § 341.3—~~Form of Tariff 342.3 (Indexing).~~

Service is subject to the rules and regulations contained herein.

[C] ~~SPECIAL PERMISSION REQUESTED. Issued on less than one day's notice under the authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.~~

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**ISSUED: May 31, 2022**

**EFFECTIVE: July 1, 2022**

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

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## 10. DEFINITIONS

“Barrel” as herein used means forty-two (42) net U.S. gallons measured at 60°F.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the State of New York.

“Carrier” as herein used means Lion Oil Trading & Transportation, Inc.

“Central Prevailing Time” shall mean central daylight savings time or Central Standard Time, as the case may be.

“Crude Oil” as herein used means crude oil with an American Petroleum Institute specific gravity of 15 to 35 degrees.

“Demurrage” as herein used means all charges associated with the disposition of Crude Oil, including all damages borne or incurred by Carrier as a result of such disposition.

“Governmental Authority” means (i) the United States of America or any state or political subdivision thereof within the United States of America and (ii) any court or any governmental or administrative department, commission, board, bureau or agency of the United States of America or of any state or political subdivision thereof within the United States of America.

“Late Charges” as herein used has the meaning set forth in Item 150(b).

“Nomination” as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Oil from a specified origin or origins to a specified destination or destinations for transportation that begins in the Transportation Month and is provided in accordance with these rules and regulations.

“Prime Rate” means the rate of interest quoted in *The Wall Street Journal*, Money Rates Section as the Prime Rate.

“Shipper” as herein used means a party who contracts with Carrier for transportation of Crude Oil, as defined herein and under the terms of these rules and regulations.

“System” as herein used means the 8-inch pipeline that Carrier owns from Carrier’s storage facility at Magnolia, Arkansas to Carrier’s storage facility at El Dorado, Arkansas.

“Tender” as herein used means a shipment of Crude Oil presented by a Shipper to the Carrier for movement by the Carrier in accordance with these rules and regulations.

“Transportation Month” means the month in which the transportation of Crude Oil tendered by a Shipper begins.

**20. NOMINATION**

(a) Crude Oil will be transported only under a Nomination accepted by the Carrier from origins to destinations when a tariff covering the movement is lawfully in effect and on file with the FERC as to interstate traffic.

(b) Any Shipper desiring to tender Crude Oil for transportation shall make a Nomination to the Carrier in writing by 5:00 p.m. (Central Prevailing Time) on or before the 19th day of each calendar month preceding the Transportation Month. Carrier will confirm such Nomination no later than the 25th day of the calendar month preceding the Transportation Month. Carrier will be under no obligation to accept Crude Oil tendered for transportation until a Nomination has been submitted to and confirmed by Carrier.

(c) When Nominations submitted by Shippers to Carrier by the 19th day of the calendar month preceding the Transportation Month do not exceed the capacity of the System for a particular Transportation Month, additional Nominations may be accepted by the Carrier to fill capacity. Nominations will become operative in the order in which they are received. Additional Nominations will be accepted only if they do not impair the movement of Crude Oil Nominated prior to the 19th day of the calendar month preceding the Transportation Month.

**30. TITLE**

The Carrier shall have, on a nondiscretionary basis, the right to reject any Crude Oil, when Nominated for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and it may require of the Shipper satisfactory evidence of its perfected and unencumbered title or satisfactory indemnity bond to protect Carrier. By nominating Crude Oil, the Shipper warrants and guarantees that the Shipper has good unencumbered title thereto free and clear of all liens or charges of any kind and agrees to indemnify and hold Carrier harmless for any and all loss, cost, liability, damage and/or expense (including reasonable attorney fees) resulting from any breach or alleged breach of such warranty and guaranty; provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

**40. SPECIFICATIONS AS TO QUALITY RECEIVED**

(a) Quality specifications of a connecting carrier may be imposed upon Shipper when such specifications are more restrictive than that of Carrier, in which case the specifications of the connecting carrier will be applied.

(b) Carrier may, from time to time, undertake to transport other or additional grades of crude oil and will file a tariff defining the grade(s), terms and conditions. If, in the opinion of Carrier, sufficient quantities are not Nominated or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of crude oil.

(c) If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Oil 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 System until such time as quality specifications are met. Further, Carrier reserves the right to dispose of any contaminated Crude Oil blocking its System. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability, costs and expenses associated with the contamination or disposal of any Crude Oil shall be borne by the Shipper introducing the contaminated Crude Oil into Carrier's System.

(d) Carrier will from time to time determine which grades of Crude Oil it will regularly transport as a common stream between particular origins and destinations on its System. Carrier will inform all subscribers to tariffs for the System affected by such determination, will file tariff amendments accordingly, and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Oil transported.

(e) Unless stated otherwise in written notice provided by Carrier to all subscribers to tariffs for the System affected, Carrier will not segregate crude oil of a kind and/or quality not currently transported through Carrier's facilities.

## **50. COMMON STREAM CRUDE OIL - CONNECTING CARRIERS**

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Oil are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline, to offset like volumes of such common stream Crude Oil in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Crude Oil.

## **60. SHIPMENTS, MAINTENANCE OF IDENTITY**

(a) Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Oil transported through the System. Carrier is not obligated to deliver to Shipper the identical Crude Oil Nominated by Shipper, provided that Carrier will deliver the grade of Crude Oil it is regularly transporting as a common stream.

(b) Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers because of mixing or commingling of Crude Oil shipments between the receipt and delivery of such shipments by Carrier within the same common stream.

## **70. MIXTURES**

The indirect liquid products of oil and gas wells, including gasoline and liquefied Oil gases, hereinafter referred to as indirect products, will not be accepted by Carrier.

**80. ADDITIVES**

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agents, or other such additives in Crude Oil to be transported.

**90. DUTY OF CARRIER**

Carrier shall not be required to transport Crude Oil except with reasonable diligence, considering the quality of the Crude Oil, the distance of transportation and other material elements. Carrier cannot commit to delivering Crude Oil at a particular time.

**100. RECEIPT AND DESTINATION FACILITIES REQUIRED**

The Carrier will accept Crude Oil for transportation only when the Shipper has provided the necessary facilities for delivering Crude Oil into the System at the point of origin at a pressure, volume and flow rate compatible with System hydraulics at the proposed point of delivery, and has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Oil as it arrives at the destination.

**110. SHIPPER FAILURE TO RECEIVE CRUDE OIL AT DESTINATION**

If the Shipper is unable or refuses to receive said Crude Oil as it arrives at the specified destination, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Oil it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by the Shipper.

**120. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES**

(a) When there shall be Nominated to Carrier for transportation more Crude Oil than can be immediately transported on a line segment, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments will be prorated separately, if necessary.

(b) Space in each segment will be allocated among "Regular Shippers" and any "New Shippers" as follows:

1. The capacity of the line segment being prorated shall be divided by the total of all volumes Nominated by Regular Shippers and New Shippers. 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, except that in any month for which Carrier is allocating capacity on the System, the capacity allocated to Regular Shippers shall not be reduced by more than 10 percent of the System capacity. If the application of the proration factor calculated in paragraph 1 results in an allocation to New Shippers greater than 10 percent of the System capacity then each New Shipper shall be allocated space equal

to its pro rata share of 10 percent of segment capacity, to be determined by dividing each New Shipper's volumes Nominated by the total of all volumes Nominated by New Shippers.

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 12 months beginning 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 line segment being prorated, during eleven of the 12 months in the base period. If the segment being prorated has been in service less than 13 months a Regular Shipper is any Shipper having a record of movements in at least 83% of all months during which the segment has been active. A "New Shipper" is a Shipper who is not a Regular Shipper.

(d) 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. 120. Carrier may require, on a nondiscriminatory basis, 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 discovery 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.

(e) If apportionment is necessary, Nominations for an amount of Crude Oil in excess of that readily accessible by the nominating Shipper will result in a reduction of that Shipper's volumes for the following month by the amount of allocated throughput not utilized during the preceding month.

### **130. APPLICATION OF RATES & CHARGES**

Crude Oil accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Oil by the Carrier, irrespective of the date of Nomination.

### **140. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS**

For Crude Oil 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 in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply. For Crude Oil 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.

**150. PAYMENT OF DELIVERY RATES AND OTHER CHARGES**

(a) Carrier shall invoice Shipper by the 10th day of each month. Shipper will make payments to Carrier on a monthly basis no later than the 25th day of the same month in which an invoice is received. If the 25th day of the month is not a Business Day, then payment is due on the Business Day immediately preceding that day.

(b) Any amount not paid when due shall accrue Late Charges in the form of interest at the Prime Rate from the original due date until the date paid by Shipper to the Carrier. All payments shall be made by wire transfer of immediately available funds to an account designated in writing by Carrier. If any such fee shall be due and payable on a day that is not a Business Day, such payment shall be due and payable on the next succeeding Business Day.

(c) If Shipper in good faith disputes an amount payable and elects to withhold any portion of a payment which is otherwise due as a consequence of the dispute, Shipper must provide Carrier with written notice of such dispute on or before the date such payment is due. The notice must set forth in reasonable detail the reasons for withholding the disputed amount. Interest will continue to accrue at the Prime Rate on such amounts later agreed or determined to be paid by Shipper from the original due date.

(d) Carrier shall have a lien and security interest on all Crude Oil accepted for transportation to cover payment of all charges, including Demurrage and Late Charges and may refuse to make delivery of the Crude Oil until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for thirty days after notice of readiness to deliver, the Carrier may sell the Crude Oil at public auction for cash. Carrier shall have a lien and security interest on Crude Oil when there shall be failure to take the Crude Oil at the point of destination as provided in Item No. 110 (SHIPPER FAILURE TO RECEIVE CRUDE OIL AT DESTINATION). Carrier shall have the right to sell said Crude Oil at public auction, for cash. The auction will be held 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 the Shipper has been officially notified in writing of the time and place of such sale and the quantity, general description, and location of the Crude Oil to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all delivery, Demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Crude Oil, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper is liable to Carrier for any deficiency. Carrier's rights under this item are not exclusive but shall be in addition to any other rights or remedies available hereunder or under applicable law.

**160. LIABILITY OF CARRIER**

(a) The Carrier while in possession of any of the Crude Oil herein described shall not be liable for any loss thereof or damage thereto, including, but not limited to, any spill or leakage of any Crude Oil from the System.

(b) Carrier shall not be liable for failure to perform or delay in performing its obligations under this Tariff if such failure or delay is actually, materially, and reasonably caused by acts of God; strikes; lockouts; boycotts; picketing; labor or other industrial disturbance; explosions; nuclear reaction or radiation; radioactive contamination; acts of a public enemy; fires; acts of terrorism; material breakage of or material accidents involving storage facilities, the System, or docks; wars (declared or undeclared); blockades; insurrections; riots, epidemics; landslides; earthquakes; storms; hurricanes; lightning; floods; extreme cold or freezing; extreme heat; washouts; arrests and restraints of Governmental Authorities (but excluding restraints occurring as a result of any violations by the Carrier); compliance with any regulation, order, or rule of any court or Governmental Authority having jurisdiction while the same is in force and effect; inability to obtain or delay in obtaining appropriate materials, supplies or labor due to a force majeure event of the third party supplying such materials, supplies, or labor; the commandeering or requisitioning by United States civil or military authorities of any raw or component materials or facilities (including, but not limited to, producing, manufacturing, transportation, and delivery facilities, and perils of navigation, even when occasioned by negligence, malfeasance, default, or errors in judgment); civil disturbances; or any other cause or causes, whether of the kind herein enumerated or otherwise, which are not reasonably within the control of the Carrier or the result of the gross negligence or intentional misconduct of the Carrier.

(c) Carrier shall not be liable for any injury, disease or death of any person or damage to or loss of any property, fine or penalty, any of which arises from the shipment of Crude Oil on behalf of Shipper, provided any such loss or damages (i) do not arise out of, result from, or in any way are connected with Carrier's ownership of the System or making capacity available to the Shipper or (ii) are caused solely by the gross negligence or willful misconduct of the Carrier, its affiliates, or any of their respective employees, representatives, agents, or contractors.

(d) In no event is Carrier liable to Shipper for consequential, incidental, punitive, exemplary, indirect or special damages, or for loss of profits or revenues incurred by Shipper or its affiliates that arise out of the transportation of Crude Oil under this Tariff, regardless of whether any such claim arises under or results from statute, contract, tort, or strict liability.

## **170. CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery, claims must be filed in writing with the Carrier within nine (9) months after delivery of the Crude Oil, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) 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 thereof specified in the notice. 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 paid.

## **180. PIPEAGE OR OTHER CONTRACTS**

Separate pipeage and other contracts may be required of a Shipper, in accordance with the applicable tariff and these rules and regulations, before any duty of transportation by the Carrier shall arise.



**190. CONNECTION POLICY**

Connections to Carrier’s System will only be considered if made by formal written notification to Carrier. All connections will be subject to generally accepted industry standards and all regulatory standards for design and construction and will meet the hydraulic requirements necessary to protect the safety, security, integrity and efficient operation of Carriers pipeline(s) at the point of connection. Acceptance of any request for connection will be subject to compliance with governmental regulations. Successful connection requests will require throughput and deficiency agreements or other capital recover arrangements.

<b>TABLE OF RATES</b>		
<b>RATES IN CENTS PER BARREL OF 42 UNITED STATES GALLONS</b>		
<b>From</b>	<b>To</b>	<b>Rate</b>
Magnolia Storage Facility (Magnolia, AR)	Sandy Land Storage Facility (Smackover, AR)	[I] 66.31

Explanation of abbreviations and reference marks:

- [C] ..... Cancel
- [D] ..... Decrease
- [I] ..... Increase
- [N] ..... New
- [U] ..... Unchanged Rate
- [W] ..... Change in wording only
- F.E.R.C..... Federal Energy Regulatory Commission
- ICA..... Interstate Commerce Act
- No..... Number