



**MIDLAND WTI
CRUDE QUALITY PROGRAM**

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INTRODUCTION

This document sets forth the quality specifications and monitoring program for deliveries of Midland WTI Crude Petroleum (Midland WTI) into the Midland WTI cavern at LOOP's Clovelly Terminal.

LOOP's rates and terms and conditions of service for receipt, handling, storage and redelivery of Crude Petroleum are set forth in the appropriate Terms and Conditions and associated rate sheets, which are available on LOOP's website at www.loopllc.com, or may be obtained upon request.

LOOP reserves the right to change this quality program without prior notice. While LOOP will make every effort to apprise its customers of any such change, the customer has the obligation to abide by the current quality program.

1. DEFINITIONS

ASTM International shall mean the American Society for Testing and Material International.

Clovelly Terminal shall mean LOOP's pipeline receipt, measurement, storage and delivery facilities, including LOOP's Clovelly salt dome storage caverns and LOOP's above ground storage tanks, all located near Galliano, Louisiana.

Crude Petroleum shall have the meaning set forth in the Terms and Conditions.

Midland WTI shall be defined as the quality of Midland WTI in Section 2 of this document, as amended from time to time.

Probation shall mean the three-month period beginning when a Shipper's Violation Count reaches two (2).

Quality Specification shall mean the quality specification included in Section 2 of this document, as amended from time to time.

Shipper shall mean a party who contracts with LOOP for deepwater port services and/or terminalling services under LOOP's Terms and Conditions.

Terms and Conditions shall mean, as applicable, LOOP's *Port Complex Terms and Conditions of Service* for services provided in connection with discharging at LOOP's offshore marine terminal, and *Terminalling Services – Connecting Carrier Receipts Terms and Conditions of Service* for services provided in connection with deliveries to the Clovelly Terminal via the Houston-Houma (Ho-Ho) Pipeline System.

Violation shall mean the determination by LOOP, based on quality test results or other operational indicators, that a Shipper has delivered a Midland WTI batch to the Clovelly Terminal which does not meet one or more of the Quality Specification limits.

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Violation Count shall mean the number of Violations in a given period, subject to adjustment by the procedure outlined in Section 4 of this document.

2. MIDLAND WTI CRUDE OIL SPECIFICATIONS

The following specifications have been established for Midland WTI in LOOP's Midland WTI cavern.

Property	Units	Test Method	Maximum Tolerance
API Gravity	degrees	ASTM D5002	44 degrees
Sulfur	% by weight	ASTM D4294	0.45 % by weight
RVP	psi	ASTM D323	10.0 psi
TVP	psi	ASTM D323	11.0 psi
S&W	% by volume	API MPMS Ch. 10.3/10.9	1.0 % by volume

3. QUALITY MONITORING

Incoming batches of Midland WTI crude shall be sampled at the Clovelly Terminal and/or LOOP's marine terminal offshore, as appropriate. In addition to testing of certain properties in LOOP's field laboratory using NIST certified equipment, each sample may, at LOOP's sole discretion, be sent to a third-party laboratory for analysis relative to the Quality Specification. The samples will be retained for 90 days.

4. VIOLATIONS

All Shippers are requested to include in their purchase contracts a statement that Midland WTI crude for delivery into LOOP's Midland WTI cavern must meet "current LOOP specifications for Midland WTI crude."

First Violation

The first Violation in a rolling six-month period will result in the following:

- the Violation Count for that Shipper being set at one (1)
- a warning letter being issued to that Shipper and, if applicable, the operator of the relevant connecting carrier.

If no further Violations occur within six-months from the occurrence of the first Violation, that Shipper's Violation Count will be reset to zero (0).

Second Violation (Probation)

A Violation that occurs while a Shipper's Violation Count is at one (1) will result in the following:

- the Violation Count for that Shipper being set at two (2)
- that Shipper being placed on Probation

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- while on Probation, that Shipper shall submit a sample analysis of Crude Petroleum taken from the nearest upstream point, e.g. load port or the Ho-Ho origination terminal, prior to delivery of each Midland WTI batch to the Clovelly Terminal
- while on Probation, every Midland WTI batch into the Clovelly Terminal from that Shipper will be tested by LOOP at that Shipper's expense
- a letter being issued to that Shipper and, if applicable, the operator of the relevant connecting carrier confirming initiation of the Probation period.

If no further Violations occur within the three-month Probation period, the Probation period will end. If no further Violations occur within an additional three-month period, i.e. six months from the occurrence of that Shipper's last Violation, that Shipper's Violation Count will be reset to zero (0).

Third Violation (Exclusion)

A Violation that occurs while a Shipper's Violation Count is at two (2) will result in the following:

- that Shipper will be excluded from making deliveries into the Midland WTI cavern for a period of six months
- a letter being issued to that Shipper and, if applicable, the operator of the relevant connecting carrier confirming initiation of the Exclusion period.

After a period of six months, that Shipper's Violation Count will be reset to two (2), i.e. that Shipper can resume deliveries of Midland WTI, but will be in Probation status. A letter will be issued to that Shipper and, if applicable, the operator of the relevant connecting carrier confirming the end of the Exclusion period.