

[N]Energy XXI Pipeline II, LLCUSA, Inc.

WATER DISPOSAL RATE SHEET

CONTAINING RULES, REGULATIONS AND RATES
GOVERNING

THE DISPOSAL OF

PRODUCED WATER

BY

[N]Energy XXI Pipeline II, LLCUSA, Inc.

IN

OFFSHORE LOUISIANA

EFFECTIVE: July 1, 2017

Issued By:

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RULES AND REGULATIONS**ITEM NO. 1. DEFINITIONS:**

"Produced Water" as used herein means water and other impurities that are the direct bi-product of crude petroleum production.

"Disposal" as used herein means the removal of produced water from Grand Isle Station in Grand Isle, LA, after it has been separated and treated.

"Crude Petroleum," as used herein, means the direct product of oil wells, indirect petroleum products resulting from either distillate recovery equipment in gas and distillate fields, or a mixture of the direct product and indirect petroleum products.

"Barrel," as used herein, means 42 United States gallons of Crude Petroleum at a temperature of 60 degrees Fahrenheit.

"Carrier," as used herein, means ExxonMobil Pipeline Company.

"Monthly Accounting Period," as used herein, means a calendar month beginning at 7:00 a.m. on the first day of a month and ending at 7:00 a.m. on the first day of the succeeding month.

"A.P.I.," as used herein, means the American Petroleum Institute.

ITEM NO.2. SPECIFICATIONS AS TO QUALITY AND LEGALITY OF SHIPMENT: Carrier reserves the right to reject any and all of the following shipments:

- A. Produced Water where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regarding shipment of Produced Water.
- B. Produced Water shipments from any producer, shipper, or consignee who has failed to comply with the rules and regulations spelled out in this Rate Sheet

ITEM NO.3. RECEIPT, DELIVERY AND IDENTITY OF SHIPMENTS: Produced Water offered for Disposal will be received only in the condition listed below:

- A. The only Produced Water accepted shall be a bi-product of the gathering of Crude Petroleum.

ITEM NO.4. APPORTIONMENT WHEN CURRENT OFFERINGS ARE IN EXCESS OF FACILITIES: When pursuant to tenders hereunder, there shall be offered to Carrier more Produced Water than can be immediately disposed of, the disposal shall be apportioned among all Shippers by Carrier on a just and reasonable basis.

ITEM NO 5. NOTIFICATION OF USE OF OPTIONAL WATER DISPOSAL SERVICE

The Shipper must notify Carrier if the optional disposal service is not going to be employed by Shipper; Shipper must remove its Produced Water from the Grand Isle Station by a pre-agreed upon method within 2 days of Produced Water receipt. Failure to do so will result in the Carrier disposing of Shipper's Produced Water for the greater of cost of disposal plus 35 percent (35%) mark-up or the posted rate herein.

Shipper must make arrangements with Carrier prior to shipping Produced Water on the system if the Carrier's disposal method is not going to be used. Otherwise, when such Produced Water enters the Grand Isle Station, it will be disposed of using the Carrier's service at the posted rate herein if system capacity permits. Otherwise, the Carrier will dispose of the water using alternate disposal methods which will be billed directly to the shipper at the greater of cost of disposal plus 35 percent (35%) mark-up or the posted rate herein.

ITEM NO. 6. APPLICATION OF RATES: Produced Water accepted for transportation shall be subject to the rates and other charges in effect on the date of receipt by Carrier.

ITEM NO. 7. LIABILITY OF CARRIER: Carrier while in possession of Produced Water described herein, shall not be liable for any loss thereof; damage thereto; or delay caused by fire, storm, flood, epidemics, Act of God, riots, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war, default of Shipper, or from any other cause not due to the sole negligence of Carrier. In case of loss of any Produced Water from any such causes, after it has been received for transportation and before th same has been disposed of, Carrier shall assign and allocate such losses to Shippers on a just and reasonable basis.

ITEM NO. 8. PAYMENT OF TRANSPORTATION AND OTHER CHARGES: The Shipper or Consignee shall pay, as provided below, all applicable gathering, transportation, and all other charges accruing on Produced Water handled by Carrier.

All payments are due within 10 days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of (1) 125% of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (2) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.

In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Produced Water in Carrier's possession or prior to Carrier's acceptance of Shipper's Produced Water: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Carrier. In the event, Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

ITEM NO. 9. MEASURING AND TESTING: All Produced Water volumes shall be determined using meters or tank gauges in accordance with EMPCo's typical measurement practices for produced water. Volumes will be corrected as to temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit.

ITEM NO. 10. EVIDENCE OF RECEIPTS AND DELIVERIES: Carrier shall account to each Shipper for Produced Water received. Produced Water received from the Shipper and Produced Water disposed of shall, in each instance, be evidenced by tickets, showing opening and closing tank gauges or meter readings, as applicable, temperature, and any other data essential to the determination of quantity. Such tickets shall be jointly signed by representatives of Carrier and the Shipper or Consignee, as appropriate, and shall constitute full receipt for (a) the Produced Water received; (b) the Produced Water disposed of.

ITEM NO. 11. ARRANGEMENTS REQUIRED FOR DISPOSAL: Carrier will dispose of Produced Water via its own disposal system and Shipper or Consignee will be subject to the rate listed herein for disposal unless the Shipper takes possession of Shippers Produced Water within 48 hours of receipt of shippers produced water into Carriers tanks at Grand Isle.

FROM	TO	Rate in Cents per Barrel of 42 U.S. Gallons
Grand Isle Station Produced water storage tanks Grand Isle, LA	Disposal Point OnShore or Offshore	[U]50.30

EXPLANATION OF REFERENCE MARKS

[U] Unchanged Rate [I] Increase [N] New [C] Cancel [W] Change in wording only