

**BRIDGER PIPELINE LLC**

**LOCAL PIPELINE TARIFF**

Containing

**RULES AND REGULATIONS**

Governing the Transportation of

**CRUDE PETROLEUM**

By Pipeline

**GENERAL APPLICATION**

Carrier will receive petroleum for trunk line interstate transportation through its own pipelines only when destined for further transportation beyond, subject to the conditions contained herein. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

The rules and regulations published herein apply only to the tariffs making specific reference by F.E.R.C. number or State Commission number to this tariff. Such reference will include successive issues hereof.

FERC ICA Oil Tariff

Filed in compliance with 18 C.F.R. 342.3 (Indexing)

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

**[N] Request for Special Permission:**

Issued on three (3) days' notice under the authority of 18 C.F.R. §341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

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**RULES AND REGULATIONS****ITEM NO. 5 DEFINITIONS**

“A.P.I.” as herein used means American Petroleum Institute.

“A.S.T.M.” as herein used means American Society of Testing Materials.

“Carrier” as herein used means Bridger Pipeline LLC.

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

“Barrel” as herein used means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit

“Financial Assurances” as herein used means the Financial Assurances provided by Shippers and accepted by Carrier in accordance with Item No. 90 (FINANCIAL ASSURANCES).

“Nomination,” “Nominate,” or “Nominated” as herein used means an offer (in a form and context specified by Carrier) made by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin or origins to a specified destination in accordance with these rules.

“Petroleum” as herein used means: (1) Any crude petroleum adapted for refining or fuel purposes which by A.S.T.M. methods substantially distills below seven hundred degrees (700°) Fahrenheit; or (2) Any petroleum product which by A.S.T.M. methods substantially distills below four hundred degrees (400°) Fahrenheit and which when mixed in or for transit with other petroleum product has a resultant Reid vapor pressure not exceeding thirteen (13) pounds at one hundred degrees (100°) Fahrenheit.

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

“Vapor Pressure” means the pressure above the surface of a liquid relative to zero pressure (absolute), also called true vapor pressure, as determined by A.S.T.M. D6377, which is the current version of the standard test method for determination of vapor pressure of crude oil: VPCR<sub>x</sub> (Expansion Method).

**ITEM NO. 10 COMMODITY**

Carrier will transport Petroleum meeting the quality specifications set forth in Item No. 15, exclusively, and will not accept any other commodity for transportation.

**ITEM NO. 15 SPECIFICATION AS TO QUALITY RECEIVED**

Carrier reserves the right to reject any individual delivery of Petroleum that does not meet the conditions set forth below. Subject to the provision of Item No. 21 related to the transportation of “Light Sweet” Petroleum, Petroleum Nominated and tendered for transportation shall (1) be good merchantable Petroleum; (2) have an A.P.I. gravity of greater than fifteen degrees (15°) degrees but less than 54.9 degrees (54.9°), provided that Carrier may, in its sole discretion, accept Petroleum with a higher A.P.I. gravity if operating conditions permit; (3) contain not more than one half of one percent (1/2 of 1%) of basic sediment, water and other impurities, no more than two tenths of one percent (0.2%) of which is water; (4) have gravity, viscosity and other characteristics such that it will be readily susceptible to transportation through Carrier’s existing facilities, and it will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or Carrier. Shipper or its Consignee must also be in compliance with laws, rules and regulations applicable to the shipment of Petroleum on Carrier’s facilities and made by governmental authorities or agencies with valid jurisdiction over such shipments of Carrier’s facilities. In addition to the above requirements, Carrier may require Shippers to meet the quality specifications of connecting facilities if the applicable connecting facility’s quality specifications differ from or are more stringent than the quality specifications set forth herein.

Carrier may, from time to time, undertake to transport other or additional grades of Petroleum (as such other or additional grades of Petroleum shall be specified in the applicable tariff) and 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 Petroleum.

The presence of contaminants in Petroleum, including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, shall be reason for Carrier to reject any Petroleum, and Carrier will not knowingly accept contaminated Petroleum. If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities contaminated Petroleum, such Shipper will be excluded from further entry into applicable segments of the pipeline system until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Petroleum blocking its pipeline system. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Petroleum shall be borne by the Shipper introducing the contaminated Petroleum into Carrier's system. Such Shipper shall also be liable for any and all direct and consequential damages resulting from tendering contaminated Petroleum to Carrier's pipeline system and such Shipper shall save Carrier harmless from any and all claims, suits, costs, expenses, and/or judgements, arising from, directly or indirectly, the presence of contaminated Petroleum.

Carrier reserves the right to reject any Petroleum received or offered for transportation that exceeds a Vapor Pressure of 13.7 pounds per square inch absolute at all receipt points into Carrier's system. Carrier shall exercise this discretion in a manner that is not unduly discriminatory or unduly preferential.

#### **ITEM NO. 19 LINE FILL REQUIREMENT**

Carrier will require each Shipper to supply a pro rata share of Petroleum for line fill and tankage necessary for the efficient operation of Carrier's system. Such line fill Petroleum may be withdrawn from Carrier's system only after ninety (90) days and subsequent to Shipper meeting all of the following criteria: (1) Shipper having ceased tendering shipments and notified Carrier in writing that it would no longer tender shipments to Carrier; (2) Shipper balances having been reconciled between Shipper and Carrier; and (3) Shipper having paid Carrier for all services.

#### **ITEM NO. 20 RESPONSIBILITY FOR QUALITY DELIVERED**

Carrier shall not be liable for changes in gravity, quality or characteristics which may occur from commingling or intermixing Shipper's Petroleum with other Petroleum in the same common stream while in transit. Subject to the foregoing, Carriers will use its best efforts to deliver Petroleum to Shipper at the designated destination point that is of a grade and gravity equivalent to that accepted from Shipper at the applicable origin point; however, Carrier shall be under no obligation to make delivery of the identical Petroleum received from Shipper at the applicable origin point but rather may make delivery out of its common stream.

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

#### **ITEM NO. 21 LIGHT SWEET SEGREGATION**

Carrier will transport, in a batch mode, an additional common stream, designated the "Light Sweet" stream, or "LS," which shall have no more than .20% Sulfur by weight and no less than 36° A.P.I. gravity when tendered for transportation at Carrier's Baker and Alzada Stations. Carrier shall receive, transport and deliver such LS separately from its other common stream, for which service Carrier shall charge an amount as stated in the applicable tariff. This charge will be in addition to the line-haul transportation rate and any other applicable charges stated in the tariff. Carrier shall transport such a segregated batch

provided that: (1) Carrier will not be liable to Shipper or Consignee for changes in the quality of such grade of LS Petroleum while it is in transit; and (2) the interface generated between such batches shall be divided equitably between those shipments that precede and follow the interface.

#### **ITEM NO. 22 SEGREGATED SHIPMENTS, BUFFERS**

When requested by one or more Shippers, and if operationally feasible in Carrier's sole determination, Carrier will endeavor to segregate a batch of Petroleum of a certain kind and/or quality on the condition that all requesting Shipper(s) shall supply buffers before and after the batch in proportion to the amount of each Shipper's share of said batch. Said buffers shall be Petroleum of the type and in the quantities specified by Carrier in order to prevent changes in the quality of preceding and subsequent Petroleum. Carrier will make delivery at the designated destination point of said buffers and batch, which batch Carrier will endeavor to keep as substantially the same Petroleum as that received by Carrier from Shipper at the applicable origin point, but Carrier shall not be liable to Shipper for failure to deliver the identical Petroleum or for variations in the gravity and/or quality of Petroleum occurring while such batch is in Carrier's custody. Consignee(s) shall accept at the designated destination point such leading and trailing buffers as mixed in transit together with its batch. Carrier shall not be liable for variation in the gravity and/ or quality of Petroleum in prior or subsequent batches.

#### **ITEM NO. 27 PRORATIONING**

(a) **Proration Procedures:** When Carrier determines that the aggregate Initial Nominations of Petroleum exceed Available Capacity during the month immediately prior to the transportation month on a line segment, the allocation of Available Capacity for such transportation month shall be subject to prorationing, and Carrier shall notify in writing by electronic mail each nominating Existing Shipper of its Existing Shipper Allocation and each nominating New Shipper of its New Shipper Allocation. By 2 P.M. Mountain Time, on the next business day after such notification: (1) each nominating Existing Shipper will submit a revised nomination for that line segment that is equal to or less than such Shipper's Existing Shipper Allocation and (2) each nominating New Shipper will submit a revised nomination for that line segment that is equal to or less than such Shipper's New Shipper Allocation. If Carrier does not receive a Shipper's Binding Nomination (as defined below) by the specified time, Carrier will deem Shipper to have conclusively agreed to the Shipper's allocation as specified by Carrier in its notice to Shipper. Each Shipper's revised nomination or revised deemed Nomination shall be its "Binding Nomination."

If the aggregate of the Binding Nominations by Existing Shippers is less than the Existing Shippers' portion of Available Capacity, Carrier shall distribute the unused capacity for the applicable line segment on a per capita basis among Existing Shippers that are not subject to capped Initial Nominations pursuant to Subpart (e)(ii) of this Item No. 27 for the transportation month to which the Initial Nominations apply; if the aggregate of the Binding Nominations by New Shippers is less than the New Shippers' portion of the Available Capacity, Carrier shall distribute the unused capacity for the applicable line segment on a per capita basis among New Shippers that are not subject to capped Initial Nominations pursuant to Subpart (e)(ii) of this Item No. 27 for the production month to which the Initial Nominations apply. If there still remains unused Existing Shipper capacity on the applicable line segment, such capacity will be distributed on a per capita basis to Existing Shippers that are subject to capped Initial Nominations pursuant to Subpart (e)(ii) of this Item No. 27 for the transportation month to which the Initial Nominations apply. If there still remains unused New Shipper capacity on the applicable line segment, such capacity will be distributed on a per capita basis to New Shippers that are subject to capped Initial Nominations pursuant to Subpart (e)(ii) of this Item No. 27 for the transportation month to which the Initial Nominations apply. Any Shipper accepting additional capacity must amend its Binding Nomination with an "Amended Binding Nomination" reflecting its increased allocation.

If the aggregate Binding or Amended Binding Nominations are less than the Available Capacity following implementation of this process, the pipeline segment will no longer be in apportionment and Subpart (e) of this Item No. 27 shall not apply with respect to the transportation month applicable to this allocation

process. If the aggregate Binding or Amended Binding Nominations are equal to Available Capacity following implementation of this process, Subpart (e) of this Item No. 27 shall apply with respect to the transportation month applicable to this allocation process.

When Carrier determines that the aggregate Initial Nominations of Petroleum do not exceed Available Capacity during the month immediately prior to the transportation month on a line segment, Carrier shall allocate the unused capacity for the applicable line segment on a per capita basis to Shippers that are subject to capped Initial Nominations pursuant to Subpart (e)(ii) of this Item No. 27 for the transportation month to which the Initial Nominations apply. By 2 P.M. Mountain Time, on the next business day after such allocation, each nominating Shipper subject to capped Initial Nominations pursuant to Subpart (e)(ii) of this Item No. 27 for the transportation month to which the Initial Nominations apply will submit a revised nomination for that line segment that is equal to or less than its allocation. If Carrier does not receive a response from Shipper by the specified time, Carrier will deem Shipper to have conclusively agreed to the Shipper's allocation by Carrier. Each Shipper's revised nomination or revised deemed nomination shall be its "Binding Nomination." If the aggregate Binding Nominations are less than Available Capacity following implementation of this process, the pipeline segment will no longer be in apportionment and Subpart (e) of this Item No. 27 shall not apply with respect to the transportation month applicable to this allocation process. If the aggregate Binding Nominations are equal to Available Capacity following implementation of this process, Subpart (e) of this Item No. 27 shall apply with respect to the transportation month applicable to this allocation process.

(b) **Existing Shipper Allocation:** The percentage of Available Capacity to be allocated to each Existing Shipper will be calculated by using data from the Base Period and dividing the sum of the shipments made for the account of each Existing Shipper on such line segment in the Base Period by the total shipments made for all Shippers on such line segment during the Base Period. The resulting percentages will then be applied to the line segment to determine the capacity allocation for each Existing Shipper ("Existing Shipper Capacity Allocation"). Each Existing Shipper will receive the lesser of its actual Nomination or its Existing Shipper Capacity Allocation, the lesser of which is the "Existing Shipper Allocation." The Existing Shipper Allocation will be subject to pro rata reduction on the basis of the percentages calculated in this Subpart (b), if required, to accommodate New Shippers.

(c) **New Shipper Allocation:** Up to two and one-half percent (2.5%) of Available Capacity on a line segment will be allocated to any New Shipper (including capacity allocated to any Affiliated Shipper of such New Shipper), subject to a cap of ten percent (10%) of Available Capacity for all New Shippers. During periods of prorating, New Shippers will be allocated pipeline capacity as follows:

- (i) If less than four (4) New Shippers have submitted Nominations for the affected line segment, each New Shipper will be allocated the lesser of either two and one-half percent (2.5%) of Available Capacity or its Nominated volume ("New Shipper Allocation").
- (ii) In the event that four (4) or more New Shippers have submitted Nominations for the affected line segment, the Nominated volumes for each New Shipper shall be totaled and divided into ten percent (10%) of the Available Capacity. The resulting percentage shall be the initial New Shipper Proration Factor. Each New Shipper will be allocated pipeline segment capacity equal to the lesser of:
  - (1) two and one-half percent (2.5%) of Available Capacity, or
  - (2) its Nominated volumes, or
  - (3) its Nominated volumes multiplied by the initial New Shipper Proration Factor (also "New Shipper Allocation").
- (iii) Affiliated Shippers as a group are prohibited from obtaining in the aggregate an allocation of more than 2.5% of Available Capacity on an apportioned line segment pursuant to this New Shipper allocation. Carrier will assess whether any New Shipper has any Affiliated Shippers and will

implement this limitation on New Shipper allocations between the deadline for Nominations and the end of the Nomination month.

(d) **Definitions:** For purposes of Carrier's prorationing policies, the following definitions will be applicable:

(i) "Affiliated Shipper" - Any Shipper who is directly or indirectly controlled by, under the common control of, or otherwise affiliated with any other Shipper. In order to determine if a Shipper is controlled by, under the common control of, or otherwise affiliated with another Shipper for purposes of this Item No. 27, Carrier will consider a number of factors, including but not limited to, whether the two Shippers share common owners, parent companies, affiliates, registered agents, directors, officers, managers, organizers, employees, schedulers, mailing addresses, email addresses, telephone numbers, fax numbers, internet protocol addresses, financial information.

(ii) "Available Capacity" – The total capacity of the applicable line segment usable to transport Petroleum in a given month, given operating conditions in that month.

(iii) "Base Period" – The twelve (12)-month period beginning thirteen (13) months prior to the month of prorationing.

(iv) "Deficient Volume" –The actual Barrels tendered by Shipper to Carrier for transportation on Carrier's system during a transportation month; provided, that this definition shall only apply when a Shipper tenders to Carrier for transportation on Carrier's system, a volume of Barrels less than ninety percent (90%) of the greater of Shipper's Binding Nomination or Amended Binding Nomination, as applicable, and such deficiency was not caused by an event of Force Majeure.

(v) "Existing Shipper" – Subject to the limitation set forth in Subpart (d)(x), a Shipper that has tendered Petroleum for transportation on a specific line segment during each month of the Base Period.

(vi) "Existing Shipper Allocation" – The lesser of each Existing Shipper's actual Nomination or its Existing Shipper Capacity Allocation as calculated pursuant to the formula set forth in Subpart (b) of this Item No. 27.

(vii) "Existing Shipper Capacity Allocation" – The capacity allocation for a line segment for each Existing Shipper calculated pursuant to the formula set forth in Subpart (b) of this Item No. 27.

(viii) "Force Majeure" – an event which is unforeseen, and beyond the control of Shipper or Carrier, as applicable, that prevents Shipper from being able to tender Barrels for transportation on Carrier's system equal to its allocation pursuant to this Item No. 27 or prevents Carrier from being able to accept Barrels from Shipper equal to Shipper's allocation pursuant to this Item No. 27. Examples of Force Majeure events include, but are not limited to, earthquakes, floods; landslides; riots; sabotage; acts of public enemies; war; blockades; insurrections; epidemics; an act by any governmental authority claiming jurisdiction to curtail such delivery, inability of Carrier to accept all of Shipper's Barrels equal to its allocation pursuant to this Item No. 27; fire; explosion; breakdown or failure of pipe or equipment; absence of sufficient electric power. Shipper's lack of funds; state-imposed frost laws; election to go to a different market; rejection of non-conforming petroleum, by way of examples, do not constitute events of Force Majeure.

(ix) "Initial Nomination" – A Shipper's first nomination for a given month.

(x) "New Shippers" – A Shipper that tenders Petroleum for transportation on a specific line segment that does not qualify as an Existing Shipper, as defined in this Item No. 27, Subpart (d)(v).

(xi) "New Shipper Allocation" –Has the meaning set forth in Item No. 27(c)(i) or (c)(ii), as applicable.

(xii) "New Shipper Proration Factor" – The percentage calculated by totaling the Nominated volumes for all New Shippers and dividing such amount into ten percent (10%) of the Available Capacity as set forth in Subpart (c)(ii) of this Item.

(xiii) "Penalty Volume" – The volume of Barrels equal to the difference between the Binding Nomination or the Amended Binding Nomination, whichever is greater, and the Deficient Volume.

(e) **Nomination Penalties:** During a transportation month in which Carrier is required to pro-rate under this Item No. 27, if any Existing or New Shipper tenders to Carrier a volume of Barrels equal to or more than ninety percent (90%) of the greater of its Binding Nomination or its Amended Binding Nomination as to each applicable line segment, the Shipper shall be considered to have met its Binding Nomination or Amended Binding Nomination. During a transportation month in which Carrier is required to pro-rate under this Item No. 27, with respect to each applicable line segment, if any New or Existing Shipper tenders to Carrier a volume of Barrels less than ninety percent (90%) of the greater of its Binding Nomination or Amended Binding Nomination which is not caused by an event of Force Majeure or by failure to provide Financial Assurances in accordance with Item No. 90 (FINANCIAL ASSURANCES) ("Deficient Tender") the following penalties shall apply during any rolling twelve (12)-month period:

(i) Upon the first Deficient Tender on a line segment during such rolling twelve (12)-month period, Shipper shall be invoiced for and pay for its tendered volumes for that month, plus the product of the rate applicable to the Binding Nomination or, where applicable, the Amended Binding Nomination, and the Penalty Volume.

(ii) Upon the second Deficient Tender on a line segment during such rolling twelve (12)-month period: (1) Shipper shall be invoiced for and pay for its tendered volumes for that month, plus the product of the rate applicable to the Binding Nomination or, where applicable, the Amended Binding Nomination, and the Penalty Volume and (2) Shipper's Initial Nomination for the three (3) consecutive months beginning the first complete month after the second Deficient Tender becomes known to Carrier shall be limited to the Deficient Volume; provided, however, that the penalty set forth in Subpart e(iii) below with respect to the third Deficient Tender shall apply if a third Deficient Tender occurs during the referenced three (3)-month period. Provided, however, that Shipper's Initial Nominations during any month of this three (3) consecutive month period shall not be limited to the Deficient Volume under the circumstances set forth in Subpart (a) of this Item No. 27.

(iii) Upon the third Deficient Tender on a line segment and for any Deficient Tender thereafter during such rolling twelve (12)-month time period: (1) Shipper shall be invoiced for and pay for its tendered volumes for that month, plus the product of the rate applicable to the Binding Nomination or, where applicable, the Amended Binding Nomination, and the Penalty Volume and (2) Shipper shall be prohibited from submitting for one month any nomination for transportation of Petroleum on the line segment to which the Deficient Tender applies beginning the first complete month after the third Deficient Tender or any Deficient Tender thereafter becomes known to Carrier during any rolling twelve (12)-month period.

### ITEM NO. 30 TITLE

Shipper shall not tender and Carrier will not accept any Petroleum for transportation, the title to which is in litigation or as to which dispute of title exists or which is encumbered by any lien (except for the lien created in favor of Carrier pursuant to Item No. 55), and Carrier may require Shipper to provide satisfactory evidence of Shipper's perfect and unencumbered title or sufficient indemnity to protect Carrier against any loss whatsoever from having transported and/or delivered Petroleum, the title to which is or may be in dispute. By nominating or tendering Petroleum, Shipper warrants and guarantees that Shipper has perfect and unencumbered title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense which may in any manner arise from or grow out of Shipper's breach of warranty or representation with respect to any shipment of Petroleum Nominated or tendered by Shipper and transported by Carrier. Carrier's acceptance of Petroleum for transportation shall not be deemed a representation by the Carrier as to title.

Shipper shall also be liable to Carrier for property damage, including damage for loss of use of any facilities that may in any manner arise from or grow out of Shipper's breach of warranty or representation with respect to any shipment of Petroleum tendered by Shipper and transported by Carrier.

#### **ITEM NO. 35 GAUGING, TESTING AND VOLUME CORRECTIONS**

Petroleum shipped hereunder shall be measured and tested by representatives of Carrier or by automatic equipment approved by Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate A.P.I. standards, latest revision, and adjusted to base (reference or standard) conditions.

When, in Carrier's sole opinion, a Shipper's, lease operator's, or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of an extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions have been corrected.

Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.

When indirect liquid products are received from pressure vessels using static measurements methods, a further adjustment will be made to cover evacuation losses if a gas blanket at or in excess of the vapor pressure of the liquid is not used.

From the net quantities so determined for acceptance, a further deduction of fifteen-hundredths of one-percent (0.15%) will be made to cover evaporation and loss during transportation. The balance shall be the net quantities deliverable. Any Petroleum having an A.P.I. gravity in excess of 54.9 degrees (54.9°) that Carrier agrees to accept for transportation on its system may be subject to an additional deduction to cover incremental evaporation and shrinkage associated with such higher-A.P.I. gravity Petroleum. To the extent Carrier elects to assess such additional deduction, Carrier shall submit a tariff filing that sets for such applicable deduction.

#### **ITEM NO. 40 ORIGIN AND DESTINATION FACILITIES REQUIRED**

Carrier will accept Petroleum for transportation only at established receiving points on its system. Petroleum will be received only from facilities provided or arranged for by Shipper at the pressures and pumping rates required by Carrier. Carrier will determine and advise Shippers of the facilities to be provided at the point of a receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Petroleum for transportation unless such facilities have been provided.

Carrier will deliver Petroleum to Shippers or their Consignees at established destination points on its system. Petroleum will be delivered only into facilities which are provided for or arranged for by Shipper or its Consignee at pressure and pumping rates required by Carrier. Carrier will determine and advise Shippers and Consignees of the size and capacity of facilities to be provided at point of delivery to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Petroleum for transportation unless such facilities have been provided.

#### **ITEM NO. 45 APPLICATION OF RATES AND CHARGES**

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of delivery of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of the net quantities of Petroleum delivered, and said net quantities will be determined in the manner provided in Item No. 35.



**ITEM NO. 50 NOTICE OF ARRIVAL, DEMURRAGE CHARGES**

After expiration of twenty-four (24) hours from the time Carrier provides notice to Shipper that its Petroleum is ready to be accepted at the designated destination point, if Shipper has not accepted such Petroleum, Carrier may assess Shipper a demurrage charge of **[I] 2.43 cents (\$0.0243)** per Barrel on all Petroleum not received by Shipper for each delay of twenty-four (24) hours, or fractional part thereof, until said Petroleum is accepted by Shipper. After expiration of said twenty-four (24) hour notice, Carrier's liability for loss, damage, or delay with respect to Petroleum offered for delivery but not taken by Shipper shall be that of a warehouseman only.

If Shipper is unable or refuses to receive said Petroleum within twenty-four (24) hours of its arrival at the designated destination point, Carrier reserves the right to make whatever arrangements for disposition of the Petroleum it deems appropriate in order to clear its system. Any additional expenses incurred by Carrier in making such arrangements shall be borne by Shipper.

**ITEM NO. 55 PAYMENT OF TRANSPORTATION AND OTHER CHARGES**

(a) Shipper shall be responsible for the payment of transportation and all other charges associated with the transportation of Shipper's Petroleum on Carrier's system, and, if required, Shipper shall furnish Financial Assurances satisfactory to Carrier in accordance with Item No. 90 (FINANCIAL ASSURANCES) of this tariff. If any charge remains unpaid after the payment due date, then Shipper may also be assessed interest on the unpaid amounts from the payment due date of the invoice to the date payment is received by Carrier, with such interest calculated at an annual rate equivalent to one hundred twenty-five percent (125%) of the prime rate as quoted by a major New York bank. Carrier shall have a lien on all Petroleum belonging to Shipper to secure the payment of any and all unpaid transportation and other charges that are due to the Carrier by Shipper, and Carrier may withhold such Petroleum from delivery to Shipper until all unpaid charges have been paid. If such charges, or any portion thereof, remain unpaid for five (5) days after the date payment is due pursuant to the invoice, Carrier shall have the right, either directly or through an agent, to sell Shipper's Petroleum within the custody of Carrier at a public auction on any day not a legal holiday, and not less than forty-eight (48) hours after notice stating the time and place of such sale and the quality, general description and location of the Petroleum to be sold has been published in a daily newspaper of general circulation published in the town or city where the sale is to be held, and notice sent by telegraph to the Shipper. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale Carrier may pay itself all transportation, demurrage and other lawful charges, and all expenses incident to the sale, and the balance shall be held for whoever may be lawfully entitled hereto.

(b) Carrier may, with or without notice to Shipper, appoint agent(s) to retain possession of Shipper's Petroleum on behalf of Carrier for the purpose of enforcing the general lien described in this Item No. 55.

**ITEM NO. 60 LIABILITY OF CARRIER**

Carrier, while in possession of any of the Petroleum herein described, shall not be liable for any loss thereof, damage thereto, or delay caused by fire, storm, epidemics, acts of God, riots, war, sabotage, strikes, the authority of law, public enemy, or the act of default of Shipper or its Consignee, as a result of a Force Majeure (as such term is defined in Item No. 27), or from any cause whatsoever, whether enumerated herein or not, except to the extent that liability is imposed on Carrier by law. In case of loss of Petroleum for which Carrier is not responsible, Shipper shall bear the loss in such proportion as the amount of Shipper's Petroleum received and undelivered at the time the loss occurs bears to all Petroleum then in the custody of Carrier for transportation via the lines or other facilities in which the loss occurs. Shipper shall be entitled to have delivered only such portion of Shipper's shipment as may remain after deduction of Shipper's due proportion of such loss in accordance with this Item No. 60. Transportation charges will be assessed only on the net quantity of Petroleum delivered.

**ITEM NO. 65 CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of the property, or in case of failure to make delivery, then within (9) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against Carrier only within two (2) years and one (1) day from the day when notice is given in writing by Carrier to the claimant that 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 hereunder and such claims will not be paid.

#### **ITEM NO. 70 DUTY OF CARRIER**

Carrier shall transport and deliver Petroleum with reasonable diligence and dispatch, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors. Carrier cannot commit to delivering Petroleum to a particular destination point, at a particular time. Upon a shipments' arrival at the designated destination point, Carrier may begin delivery to Shipper at Carrier's current rate of pumping.

#### **ITEM NO. 75 APPLICATION OF RATES FROM UN-NAMED ORIGINS**

Pending the issue of new rates from any new points of origin that may be established along the lines of the originating Carrier participating in the tariff, the following rule will govern: From any such origin not named in this tariff, to a named destination, apply the rate published from the next more distant origin point named herein.

#### **ITEM NO. 80 DIVERSION**

A change in the Nominated destination point or routing will be permitted without additional charge on written request from the Shipper, provided an applicable tariff is in effect for any requested destination point or routing, and provided that no back-haul is required.

#### **ITEM NO. 85 INTRASYSTEM TRANSFERS**

**[I]** 2.13 (\$0.0213) cents per Barrel will be charged for intrasystem transfers to the transferors involved in intrasystem transfers who do not pay Carrier transportation charges or are not listed as the last Consignee for the particular movement including the transfer(s).

In any such transfer, Carrier shall not be liable for any loss or damage in connection therewith. Any transfer request pursuant to this Item No. 85, which shall be confirmed in writing, shall specify the quantity, type, grade and location of the Petroleum transferred. All deliveries shall be made to and for the account of the last Consignee.

A transfer of Shipper's rights and obligations under this Item No. 85 respecting its Petroleum will not be binding or effective on Carrier until Carrier has provided a notice of acceptance to the transferor and transferee. Carrier will not provide a notice of acceptance of a transfer until such time as the transferee has satisfied Carrier of its capacity to undertake the transferor's obligations and has provided any Financial Assurances requested by Carrier in accordance with Item No. 90 (FINANCIAL ASSURANCES) of this tariff.

#### **Item No. 90. FINANCIAL ASSURANCES**

(a) All prospective shippers shall, twenty-five (25) days prior to making their first Nomination, provide information to Carrier that will allow Carrier to determine the prospective shipper's capacity to perform any financial obligations that could arise from the transportation of that prospective shipper's Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the value of any loss allowance, and any negative balance positions. At any time, upon the request of Carrier, Shipper shall, within ten (10) days of such request, provide information to Carrier that will allow Carrier to

determine Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the value of any loss allowance, and any negative Shipper balance positions. Carrier shall not be obligated to accept Petroleum for transportation from any Shipper or prospective shipper if such Shipper or prospective shipper fails to provide the requested information to Carrier within the time periods set forth herein, or if Carrier's review of the requested information reveals that such Shipper or prospective shipper does not have the capacity to perform any financial obligations that could arise from the transportation of its Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the reasonably determined value of any loss allowance, and any negative balance positions.

(b) Subject to the provisions of Item No. 90(c), Carrier upon notice to Shipper or prospective shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to Carrier to be provided at the expense of such Shipper or prospective shipper:

(i) payment security by wire transfer in an amount equal to two and a half months of transportation charges based on Shipper's or prospective shipper's likely actual shipments for the transportation month for each applicable line segment. For purposes of this Item, a prospective shipper's likely actual shipments will be based on the anticipated shipments listed in such prospective shipper's shipper application; or

(ii) a letter of credit in favor of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to Carrier in a form and from an institution acceptable to Carrier;

(c) In the event that Carrier reasonably determines that:

(i) any Shipper's financial condition is or has become impaired or unsatisfactory;

(ii) any Financial Assurances previously provided by Shipper no longer provide adequate security for the performance of such Shipper's obligations that could arise from the transportation of its Petroleum under the terms of this tariff; or

(iii) Carrier otherwise determines that it is necessary to obtain Financial Assurances from any Shipper or prospective shipper, then such Shipper or prospective shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the transportation of such Shipper's or prospective shipper's Petroleum by Carrier. For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to Carrier relating to the transportation of Shipper's Petroleum, those charges and costs shall include transportation charges, equalization obligations, any negative Shipper balance positions, and any loss allowance.

(d) Any Financial Assurances received by Carrier in accordance with Item No. 90(b)(i) shall be retained by Carrier in a non-interest-bearing escrow account until such time as Carrier determines that Shipper or prospective shipper that provided such Financial Assurance is capable of performing its financial obligations to Carrier. Within ten (10) business days of Carrier receiving a written request (via e-mail communication or other form of written communication) from Shipper or prospective shipper seeking return of the Financial Assurance provided by Shipper or prospective shipper in accordance with Item No. 90(b)(i), and subject to Carrier's determination that Shipper or prospective shipper is capable of performing its financial obligations to Carrier, Carrier shall return such Financial Assurance to such Shipper or prospective shipper.

**EXPLANATION OF REFERENCE MARKS:**

[I] Increased rate.

[N] New.