

# Savage Bakken Connector, Inc.

## PROPORTIONAL TARIFF

Containing

## RULES AND REGULATIONS APPLYING TO THE GATHERING AND/OR TRANSPORTATION OF

CRUDE PETROLEUM  
(as defined herein)

BY PIPELINE

---

### GENERAL APPLICATION

The Rules and Regulations published herein apply only under the tariffs making specific reference by FERC number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over the Rules and Regulations published herein.

---

### SPECIAL PERMISSION REQUESTED

Issued on 9 days' notice under authority of 18 CFR 341.14. This tariff publication is conditionally accepted subject to refund pending a thirty (30) day review period.

---

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

**ISSUED: May 22, 2017**

**EFFECTIVE: June 1, 2017**

---

#### ISSUED & COMPLIED BY:

Mike Miller

Vice President

Savage Bakken Connector, Inc.

901 W Legacy Center Way

Midvale UT 84047

(801) 944-6659

MikeM@savageservices.com

Tariffs available at: <http://www.savageservices.com>

**TABLE OF CONTENTS**

| <b>Item No.</b> | <b>Subject</b>  |
|-----------------|---|
| 5               | Definitions   |
| 10              | Commodity   |
| 15              | Additives   |
| 20              | Specification as to Quality Received                      |
| 25              | Required Shipper Information                              |
| 30              | Financial Assurances                                      |
| 35              | Nomination, Minimum Quantity                              |
| 40              | Title   |
| 45              | Segregated Shipments, Buffers                             |
| 50              | Shipments, Maintenance of Identity                        |
| 55              | Common Stream Crude Petroleum- Connecting Carriers        |
| 60              | Gauging, Testing and Deductions                           |
| 65              | Line Fill and Tank Bottom Inventory Requirements          |
| 70              | Flow Rates  |
| 75              | Receipt and Destination Facilities Required               |
| 80              | Notice of Arrival, Delivery at Destination, Demurrage     |
| 85              | Pipeage or Other Contracts                                |
| 90              | Application of Rates & Charges                            |
| 95              | Application of Rates From and to Intermediate Points      |
| 100             | Intrasystem Transfers                                     |
| 105             | Charge for Compensation Fund Fees Incurred by Carrier     |
| 110             | Payment of Gathering and Delivery Rates and Other Charges |
| 115             | Truck Loading and Unloading                               |
| 120             | Compliance with OSHA Regulations                          |
| 125             | Duty of Carrier   |
| 130             | Storage in Transit  |
| 135             | Interruption and Curtailment                              |
| 140             | Prorationing  |
| 145             | Liability of Carrier                                      |
| 150             | Liability of Shipper                                      |
| 155             | Force Majeure   |
| 160             | Claims Suits and Time for Filing                          |
| 165             | Choice of Law   |

## 5. DEFINITIONS

“Affiliate” means, with respect to a particular Party, any other entity that is Controlled by, under common Control with, or in Control of, such particular Party.

“A.P.I.” means the American Petroleum Institute.

“API Gravity” or “Gravity” means gravity determined in accordance with the ASTM Designation D-287-82 or the latest revision thereof.

“Available Capacity” means the capacity, as determined by Carrier in its sole discretion, available on Carrier’s System to transport Crude Petroleum.

“Barrel” as herein used means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

“Carrier” as herein used means Savage Bakken Connector, Inc.

“Consignor” as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

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

“Control” or “Controlled” means the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of any entity, through ownership of fifty-one percent or more of voting securities or other beneficial interest.

“Crude Petroleum” as herein used means 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 and gas wells including gasoline and liquefied petroleum gases

“Destination Point” or “Delivery Point” means each point on Carrier’s System identified in Carrier’s tariffs, as amended from time to time, as a point where Carrier can deliver Crude Petroleum out of its System.

“FERC” means the Federal Energy Regulatory Commission.

“Financial Assurances” means the financial assurances provided by the Shippers and accepted by the Carrier in accordance with these Rules and Regulations.

“Indirect Liquid Products” mean liquid hydrocarbons resulting from the operation in oil or gas fields of gasoline recovery plants, gas recycling plants, condensate or distillate recovery equipment and includes, but is not limited to, condensate, natural gas liquids, natural gasoline and mixtures of such liquid hydrocarbons.

“Line Fill” means the static quantity of Crude Petroleum including Working Stock needed to occupy the physical space within the pipeline and any applicable facilities.

“Month” means a calendar month beginning at 12:01 am on the first day of the calendar month and ending at 12:01 am on the first day of the next calendar month.

“Nomination” (or “Nominated,” as appropriate) means a written offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified Origin Point(s) to a specified Destination Point(s) over a period of one operating month in accordance with these Rules and Regulations and any applicable rates tariff.

“Origin Point” or “Receipt Point” means each point on Carrier’s System identified in Carrier’s tariff, as amended from time to time, as a point where Carrier can accept Crude Petroleum into its System.

“Party” as used herein means any one of the following: Carrier; Shipper, Consignor; Consignee, Transferor; or Transferee.

“Shipper” as herein used means a party who contracts with Carrier for gathering and/or transportation of Crude Petroleum, as defined herein and under the terms of these Rules and Regulations.

“System” as used herein means the pipeline(s) that Carrier owns an interest in and to which the rules and regulations stated herein apply.

“Tender” (or “Tendered,” as appropriate) means a volume of Crude Petroleum presented by a Shipper to the Carrier for movement by the Carrier in accordance with these Rules and Regulations and associated with a valid Nomination.

“Transferor” as used herein means the entity transferring volumes pursuant to an IntraSystem transfer of title to Crude Petroleum as described in these Rules and Regulations.

“Transferee” as used herein means the entity accepting volumes pursuant to an IntraSystem Transfer of title to Crude Petroleum as described in these Rules and Regulations.

“Working Stock” means the volume of Crude Petroleum required by the Carrier for the efficient operation of the pipeline.

## **10. COMMODITY**

The Carrier will transport Crude Petroleum as defined in these Rules and Regulations exclusively, and will not accept any other commodity for transportation.

## **15. ADDITIVES**

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

## **20. SPECIFICATION AS TO QUALITY RECEIVED**

Carrier will receive Crude Petroleum only through its facilities at an Origin Point. Shipper shall not deliver to Carrier without Carrier’s written consent, and Carrier reserves the absolute right to reject on a not unduly discriminatory basis, without limitation, any or all of the following:

- (a) Crude Petroleum that is not readily susceptible to transportation through Carrier’s existing facilities;
- (b) Crude Petroleum having a vapor pressure in excess of 13.7 pounds per square inch absolute at 100°F, using ASTM D6377 methodology, or that would result in Carrier’s non-compliance with any federal, state, or local requirements regarding hydrocarbon emissions;
- (c) Crude Petroleum having an API (American Petroleum Institute) gravity in excess of 78.9°;
- (d) Crude Petroleum having an API gravity less than 37°;
- (e) Crude Petroleum having a sulfur content weight % greater than 0.50%;
- (f) Crude Petroleum exceeding 10 ppm hydrogen sulfide (H<sub>2</sub>S), using ASTM D5705-12 methodology;

(g) Crude Petroleum having basic sediment, water and other impurities of greater than one-half (1/2) of one (1) percent, with a maximum of three tenths (0.3) percent free water; and

(h) Crude Petroleum that does not meet the specifications of the connecting carriers.

Carrier reserves the right to reject any Crude Petroleum offered for transportation other than good and merchantable Crude Petroleum of acceptable character which meets all of the qualifications under this tariff. When requested by Carrier, prior to tendering any Crude Petroleum, Shipper must provide documentation that demonstrates that its Crude Petroleum meets all of the quality specifications under this tariff. The presence of contaminants in Crude Petroleum, including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons and/or lead shall be reason for Carrier to reject any Crude Petroleum. Crude Petroleum containing such contaminants shall be deemed to be unmerchantable, and a Shipper who offers contaminated Crude Petroleum shall be deemed to have breached the warranty and representations set forth in this tariff.

Pursuant to an applicable rates tariff, Carrier will from time to time give notice to Shippers establishing categories of Crude Petroleum and specified grade(s) therein that it will regularly transport as a common stream between each Origin Point and each Destination Point. The Shipper shall, at the request of the Carrier, make such specified grade(s) available in such quantities and at such times as may be necessary to permit such common stream movements. Carrier may from time to time, after reasonable notice to Shippers who have shipped a category of Crude Petroleum or a specified grade therein in the prior 3 months, cease to transport such category of Crude Petroleum or specified grade as a common stream or change the specifications of a particular category of Crude Petroleum or a specified grade transported as a common stream.

At the request of a Shipper, and subject to other provisions of these Rules and Regulations, Carrier will accept for shipment the following specified grade(s) to be transported as a common stream of Crude Petroleum from the Origin Point to the Destination Point:

|   | <b>Bakken General</b>          |
|---|--------------------------------|
| API Gravity, ° API  | 39-48                          |
| Sulfur Content, Weight %  | ≤0.20%                         |
| BS&W  | ≤0.5%                          |
| Max Vapor Pressure at 100°F<br>using ASTM D6377<br>methodology, psi | 12.5                           |
| Applicable Time Period  | March 2017 thru September 2017 |

The specifications for any specified grades are, without limitation, subject to modification from time to time in the event upstream connecting carriers modify their specifications for similar grades of Crude Petroleum.

At the request of a Shipper, and subject to other provisions of these Rules and Regulations, Carrier will accept for shipment other categories of Crude Petroleum or specified grades to be transported as a common stream pursuant to a rates tariff, subject to the operating conditions of the facilities. Such request must specify: (1) a vapor pressure using ASTM D6377 methodology and/or an API (American Petroleum Institute) gravity range; and (2) a sulfur content weight % limitation.

Crude Petroleum tendered for transportation which differs in grade and general characteristics from that usually transported by Carrier will, at the Carrier's option, be transported only under terms agreed upon, in writing, by Shipper and Carrier. Shipper shall provide, at the Origin Point, adequate storage and other facilities for receiving, measuring, testing, and collecting sufficient Crude Petroleum of different grades or general characteristics for aggregation into minimum batch volumes. Carrier does not have any working tanks at the Origin Point or the Destination Point, and therefore does not have facilities for rendering, nor does it offer, storage services. Carrier will determine and advise Shippers of the facilities to be provided at the Origin Point to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation, unless such facilities have been provided. Shipper shall also be responsible for providing adequate facilities at the Destination Point to accept Crude Petroleum delivered by Carrier from the pipeline system.

If Shipper delivers Crude Petroleum that does not conform to Carrier's quality specifications as set forth herein, Shipper will be responsible for all liability and costs incurred by Carrier,

including without limitation, costs to treat, blend, or dispose of the non-conforming Crude Petroleum, and costs to remove any contamination from Carrier's System.

As between Shipper and Carrier, Carrier shall have no liability to connecting carriers for failure of Shipper to deliver Nominated volumes of Crude Petroleum or Crude Petroleum that otherwise complies with connecting carrier's tariff or other binding documentation, regardless of whether such failure is caused by Carrier's rejection of Shipper's Crude Petroleum as a result of quality deficiencies or otherwise.

## **25. REQUIRED SHIPPER INFORMATION**

(a) At any time, upon written request of the Carrier, on a not unduly discriminatory basis, any prospective or existing Shipper shall provide to the Carrier information that will enable the Carrier to enforce the terms of this tariff. Such information may include, but will not be limited to, the names of any Affiliates of the Shipper or prospective Shipper, the legal business name of the Shipper or prospective Shipper, and the registered business address of the Shipper or prospective Shipper.

(b) The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide to the Carrier any information requested in accordance with subsection (a) of this Item within ten (10) days of the Carrier's written request, or if the Carrier reasonably determines that any of the information provided pursuant to subsection (a) of this Item is false.

## **30. FINANCIAL ASSURANCES**

(a) At any time, upon the request of Carrier, any prospective or existing Shipper shall provide information to Carrier that will allow Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff. Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide the requested information to Carrier within five (5) days of Carrier's written request, or if Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this Tariff, including the payment of transportation charges, equalization obligations and the reasonably determined value of the allowance oil and negative Shipper's balance positions. Shipper shall be required to report any material change to its financial condition reflected in documents provided to Carrier.



(b) Subject to the provisions of subsection (c) of this Item, Carrier, upon notice to Shipper, may require one or more of the following adequate 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 Shipper:

- (1) prepayment in an amount equal to sixty (60) days of average payment obligation;
- (2) a letter of credit in favor of Carrier equal to sixty (60) days of average payment obligation in a form and from an institution acceptable to Carrier;
- (3) a guaranty in an amount sufficient to ensure payment in an amount equal to sixty (60) days of average payment obligation from a creditworthy entity acceptable to Carrier; or
- (4) such other enforceable collateral security in a form acceptable to the Carrier.

(together, “the Adequate Assurances”).

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

- (1) the existing or prospective Shipper’s financial condition is or has become impaired or unsatisfactory;
- (2) any Adequate Assurances previously provided by a Shipper no longer provide adequate security for the performance of the Shipper’s obligations that could arise from the transportation of its Crude Petroleum under the terms of this tariff; or
- (3) Carrier otherwise determines that it is necessary to obtain Adequate Assurances from Shipper,

then Shipper shall provide Adequate 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 Shipper’s Crude Petroleum by Carrier. Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver the Adequate Assurances to Carrier within five (5) days of Shipper’s receipt of Carrier’s written request for such Adequate Assurances.

### **35. NOMINATION, MINIMUM QUANTITY**

(a) Unless otherwise stated on a tariff making reference to these Rules and Regulations, Nominations for the gathering and/or 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 five thousand (5,000) Barrels aggregate per month. Carrier may, in its sole discretion, specify quantities other than those listed herein for operational purposes. Carrier also may, in its sole discretion, accept nominations in quantities of less than five thousand (5,000)

Barrels aggregate from one or more Shippers as operations permit and provided that such Crude Petroleum is of similar quality and characteristics as is being transported from Receipt Point to Destination Point. 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 one thousand (1,000) Barrels, and Carrier will not be obligated to make any single delivery of less than one thousand (1,000) Barrels, unless Carrier's operations dictate otherwise. Shipper is required to tender its Crude Petroleum to Carrier's system on a ratable basis.

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.

(b) Crude Petroleum will be gathered and/or transported only under a Nomination accepted by the Carrier from Receipt Point to Destination Point 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, if applicable.

(c) Any Shipper desiring to Tender Crude Petroleum for gathering and/or transportation shall make a Nomination to the Carrier in writing, using Carrier's Notice of Shipment form or other form acceptable to Carrier, by 5:00 p.m. (Mountain Time) on or before the fifteenth (15th) day of the month preceding the month during which the gathering and/or transportation under the Nomination is to begin. Unless such notification is made, the Carrier will be under no obligation to accept Crude Petroleum for gathering and/or transportation. Shippers must submit a separate Nomination for each calendar month.

(d) When Nominations submitted by Shippers to Carrier on or before the fifteenth (15th) 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 the Carrier to fill capacity. These additional Nominations will be accepted only if they do not impair the movement of Crude Petroleum Nominated before the fifteenth (15th) day of the preceding month.

#### **40. TITLE**

The Carrier shall have, on a not unduly discriminatory basis, the right to reject any Crude Petroleum, when Nominated for gathering and/or 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 Petroleum, 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 gathering and/or transportation shall not be deemed a representation by the Carrier as to title.

#### **45. 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 Crude 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 Crude Petroleum of the type and in the quantities specified by Carrier in order to prevent changes in the quality of preceding and subsequent Crude Petroleum. In such instances, Carrier may require Shipper(s) to make such Crude Petroleum available in such quantities and at such times as may be necessary to permit such segregated movements.

Carrier will make delivery at the Destination Point of said buffers and batch of Crude Petroleum. To the extent commercially and reasonably possible, Carrier will endeavor to keep as substantially the same Crude Petroleum batch as that received by Carrier at the Receipt Point. In no event, however, shall Carrier be liable for failure to deliver the identical Crude Petroleum batch or for variations in the Gravity and/or quality of Crude Petroleum occurring while such batch of Crude Petroleum is in Carrier's custody. Neither shall Carrier be liable for variation in the Gravity and/or quality of the Crude Petroleum in prior or subsequent batches. Consignee(s) shall accept at destination such leading and trailing buffers as mixed in transit together with its batch of Crude Petroleum.

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

(a) Crude Petroleum offered for transportation shall be received by Carrier only on the condition that it shall be subject to such changes in Gravity or quality while in transit as may result from the transportation thereof or the mixture of such Crude Petroleum with other Crude Petroleum in the pipelines or facilities of Carrier. Carrier shall not be liable to Shipper or Consignee for changes in Gravity or quality of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit. Carrier is not obligated to deliver to Shipper or Consignee the identical Crude Petroleum nominated by Shipper. Carrier will deliver the grade of Crude Petroleum it is regularly gathering and/or transporting as a common mixed stream.

- (b) 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 Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream.
- (c) Carrier shall not be liable for any consequential loss resulting from any variation in quality of Crude Petroleum while in its custody.
- (d) Carrier makes no warranty as to merchantability, fitness for a particular purpose, or any other warranty or representation with respect to the grade or quality of Crude Petroleum transported under this tariff.

#### **55. COMMON STREAM CRUDE PETROLEUM - CONNECTING CARRIERS**

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Petroleum 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 Petroleum 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 Petroleum.

#### **60. GAUGING, TESTING AND DEDUCTIONS**

- (a) Crude Petroleum shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. The results of such gauging or metering and testing shall be final.
- (b) When a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may, in its sole discretion, reject the use of such tank until the unacceptable conditions have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.
- (c) 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.

(d) In addition to the deduction listed in subsection (c) of this Item, all receipts of Crude Petroleum products having an API Gravity of 45 degrees or above shall also be subject to a deduction to cover shrinkage and evaporation. Such deduction shall be determined in accordance with the following table:

| <u>API Gravity (Degrees)</u> | <u>Deduction for Incremental Evaporation &amp; Shrinkage</u> |
|------------------------------|--|
| 45.0 through 54.9            | 0.5%   |
| 55.0 through 64.9            | 1.0%   |
| 65.0 through 74.9            | 1.5%   |
| 75.0 and above               | 2.0%   |

Exception: When a tank of Crude Petroleum is presented for shipment but the Crude Petroleum is not properly settled, as indicated by a boiling action when the surface of the product is disturbed, the Carrier may: (1) reject the tank for shipment; or (2) by agreement with the Shipper, may ship the tank and make an additional shrinkage adjustment of 0.5%.

(e) After consideration of all of the factors set forth in this Item, a net quantity (*i.e.* the net balance) will be determined as the quantity deliverable by Carrier, and delivery rates will be assessed on this net balance.

## **65. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS**

(a) Prior to delivering Barrels out of Carrier's System, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's System. Each Shipper's volume will be divided by the total System volume and the resulting fraction multiplied times the total System pipe capacity plus minimum tank bottoms volumes.

(b) In the event that Shipper fails to supply any pipeline or tankage fill as requested by Carrier, Carrier will halt deliveries to Shipper until such time as the pipeline or tankage fill are provided by Shipper.

(c) Crude Petroleum provided by Shippers for this purpose may be withdrawn only after ninety (90) days and subsequent to: (1) Shipper having ceased Tendering shipments and having notified Carrier in writing of its intention to discontinue shipments in Carrier's System, and (2) Shipper balances having been reconciled between Shipper and Carrier. Carrier may require advance payment of gathering, delivery and other charges on the volumes to be cleared from Carrier's System, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice, not to exceed six months, to complete administrative and operational requirements incidental to Shipper withdrawal.

**70. FLOW RATES**

Carrier will normally take full stream receipts at Receipt Point(s) and will make full stream deliveries of Crude Petroleum at Delivery Point(s) at flow rates and volumes compatible with the Carrier's System operations. Shipper shall use commercially reasonable efforts to deliver, or cause to be delivered, Crude Petroleum at flow rates and volumes as specified by Carrier.

**75. RECEIPT AND DESTINATION FACILITIES REQUIRED**

The Carrier will accept Crude Petroleum for gathering and/or transportation only when the Consignor, Shipper, or Consignee has provided the necessary facilities for delivering Crude Petroleum into the System at the Receipt Point(s) at a pressure, volume and flow rate compatible with System hydraulics at the proposed Delivery Point(s), and has made the necessary arrangements for shipment beyond the Delivery Point(s) or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the Delivery Point(s).

**80. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE**

(a) The obligation of the Carrier is to deliver the quantity of Crude Petroleum to be gathered and/or transported, less inventory corrections, at the specified Delivery Point(s). Such delivery may be made upon twenty-four (24) hours' notice to the Shipper or Consignee who shall accept and receive said Crude Petroleum from the Carrier with all possible dispatch into tanks or receptacles arranged for or provided by the Shipper or Consignee.

(b) Commencing after the first seven o'clock a.m., after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee. The demurrage charge will be two cent (\$0.02) per Barrel per day for each day of 24 hours or fractional part thereof.

(c) If the Shipper, or Consignee, is unable or refuses to receive said Crude Petroleum as it arrives at the specified Delivery Point(s), the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum 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 or Consignee.

**85. 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 gathering and/or transportation by the Carrier shall arise.

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

Crude Petroleum accepted for gathering and/or transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Petroleum by the Carrier, as specified in the applicable tariff, irrespective of the date of Nomination. Unless otherwise stated in an individual tariff making reference to these Rules and Regulations, delivery rates and all other lawful charges will be collected on the basis of the net quantities of Crude Petroleum delivered and gathering rates will be collected on the basis of the net balance of Crude Petroleum received. All net balances will be determined in the manner provided in these Rules and Regulations, GAUGING, TESTING AND DEDUCTIONS.

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

For Crude Petroleum accepted for gathering and/or 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, the rate published from the next more distant point specified in such tariff will apply. For Crude Petroleum accepted for gathering and/or transportation to any point not named in a particular tariff, which is intermediate to a point to which rates are published in said tariffs, the rate published therein to the next more distant point specified in the tariff will apply. If use of an intermediate point is expected to continue for 30 days or more, a tariff for that point will be filed within 30 days.

## **100. INTRASYSTEM TRANSFERS**

An IntraSystem Transfer of title to Crude Petroleum will be allowed on Carrier's System for a fee of one-half (1/2) cent per Barrel charged to the Transferor; provided, however, that no transfer fee shall be assessed to the Transferor if the Transferor pays the gathering, delivery and other charges to the Delivery Point(s) specified by the Transferor. The Transferee accepting volumes on an IntraSystem Transfer shall be responsible for payment of any additional gathering and/or delivery and other charges if the Delivery Point(s) originally specified by the Transferor is changed by the Transferee. 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. An IntraSystem Transfer request, if recognized by Carrier, shall be confirmed in writing by both the Transferor and the Transferee within seventy-two (72) hours after the request. Such request shall indicate the Party to which the transfer is to be made, the amount of Crude Petroleum to be transferred, its location, grade, and a warranty

statement of unencumbered title. In addition, the Transferor and Transferee, upon the request of Carrier and at Carrier's option, shall provide an irrevocable letter of credit in terms satisfactory to Carrier and in an amount necessary to cover all charges and fees.

#### **105. CHARGE FOR COMPENSATION FUND FEES INCURRED BY CARRIER**

In addition to all other charges accruing on Crude Petroleum accepted for gathering and/or transportation through Carrier's facilities, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local agency for the purpose of creating a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations (including, without limitation, for the prevention, containment, clean-up and/or removal of spills, the reimbursement of persons sustaining loss therefrom or any other lawful purpose). Carrier shall be under no obligation to contest or protest on behalf of Shipper or Consignee the legality of such tax, fee or other charge. If a per Barrel charge is assessed, the amount of such charge shall be stated in a FERC tariff.

#### **110. PAYMENT OF GATHERING AND DELIVERY RATES AND OTHER CHARGES**

(a) Shipper shall be responsible for payment of gathering and/or delivery rates and all other charges applicable to the shipment, and may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. No course of dealing between the parties shall constitute a waiver of Carrier's right to require a guaranty of such prepayment or guaranty of charges.

(b) After delivery of Shipper's Crude Petroleum has commenced on Carrier's System, Carrier will mail or email a settlement statement to Shipper on or before the fifteenth (15<sup>th</sup>) day of the Month following the Month of deliveries hereunder. Such statement will include, but not limited to:

- (1) The volumes delivered to the Receipt Point(s) and the volumes redelivered to the Delivery Point(s), net of any deductions;
- (2) An itemization of the transportation and other fees in accordance with the Carrier's tariffs.

(c) Shipper shall pay, or cause to be paid, the settlement statements' undisputed amounts in full within 30 days. If at any time Shipper fails to make a payment it is obligated to make to the Carrier hereunder, the unpaid amount will bear interest commencing on the day following the due date thereof at an annual rate equal to the prime rate as quoted from time to time by The Wall Street Journal as of the date the first payment becomes past due plus two percent (2%),



which interest will continue to be assessed, and will accrue if not paid, until all amounts owed have been paid in full. Carrier shall have a lien and security interest on all Crude Petroleum accepted for gathering and/or transportation to cover payment of all charges, including demurrage and late charges, as provided in these Rules and Regulations, NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE, and may refuse to make delivery of the Crude Petroleum until all charges have been paid.

(d) If said charges, or any part thereof, remain unpaid for forty-five (45) days after notice of readiness to deliver, the Carrier may sell the Crude Petroleum 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 of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum 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 gathering, delivery, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

(e) Carrier will have the right to suspend performance of services under these Rules and Regulations if any then undisputed payments remain unpaid for forty-five (45) days after notice of readiness to deliver.

(f) If Shipper, in good faith, disputes the amount of any such settlement statement or any part thereof, Shipper will pay such amount as it concedes to be correct. If Shipper disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount disputed within ten (10) Days of the date of such invoice. If the Parties are unable to resolve such dispute, either Party may pursue any remedy available at law or in equity to enforce its rights under this tariff.

(g) 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.

## **115. TRUCK LOADING AND UNLOADING**

Shipments unloaded from tank trucks into Carrier's facilities may be subject to a per-Barrel charge, if specified on individual tariffs making reference to these Rules and Regulations. Such charge will be in addition to all other charges.

**120. COMPLIANCE WITH OSHA REGULATIONS**

When OSHA regulations require the presence of a second Carrier employee at a site because of H<sub>2</sub>S levels, an additional fee of 15 Cents (\$ 0.15) per Barrel will be assessed and collected. This fee may be waived if Shipper provides a permanent alternative mechanism to comply with such rules. Any alternative must be approved and agreed to by Carrier.

**125. DUTY OF CARRIER**

Carrier shall not be required to gather or transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of gathering and/or transportation and other material elements. Carrier does not commit to delivering Crude Petroleum to a particular destination at a particular time.

**130. STORAGE IN TRANSIT**

The Carrier has, in certain instances, working tanks required in the process of gathering and/or transporting Crude Petroleum, but no other available tankage, and therefore, unless otherwise specifically stated in a tariff making reference to these Rules and Regulations, Carrier does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage in transit in facilities furnished by Shipper at points on Carrier's System will be permitted to the extent authorized under individual tariffs lawfully on file with the Federal Energy Regulatory Commission and in a not unduly discriminatory manner.

**135. INTERRUPTION AND CURTAILMENT**

(a) Carrier may interrupt, curtail or reduce transportation service to Shippers for such periods of time as it may reasonably require for the purpose of effecting or allowing any repairs, maintenance, replacement, upgrading or other work related to the pipeline System, Carrier's other facilities, or downstream facilities in circumstances which do not constitute Force Majeure. If such interruption is due to a planned outage, Carrier shall give Shippers prior notice of such interruption and curtailment as soon as reasonably possible. If such interruption is unforeseen, Carrier shall give Shippers notice of such interruption and curtailment as soon as reasonably possible. Carrier shall use reasonable commercial efforts to minimize the extent and duration of any interruption and the impact of such interruption on the operation of the Pipeline System.

(b) During periods of interruption pursuant to this Item, Carrier shall curtail transportation service and prorate Available Capacity in accordance with these Rules and Regulations,

## 140. PRORATIONING

When more Crude Petroleum is tendered for transportation in a month than Carrier can transport, Firm Shippers' nominations that are subject to a committed, firm transportation service agreement shall not be subject to prorating during normal operating conditions. Carrier shall accept the entire nomination of such Firm Shippers. In the event that acceptance of all such Firm Shippers' nominations would result in an allocation of more than ninety percent (90%) of the line segment's Available Capacity, then Carrier shall allocate ninety percent (90%) of the line segment's Available Capacity to Firm Shippers on a proportional basis.

Once the pipeline's Available Capacity has been allocated to Firm Shippers as outlined above, Carrier shall allocate the remaining Available Capacity as described below.

During the first twelve (12) months following the in-service date of any line segment, when more Crude Petroleum is tendered for transportation in a month than Carrier can transport, Carrier shall calculate each Shipper's proportional share of Available Capacity by dividing each Shipper's Nomination by all volumes Nominated for that month, multiplying that fraction by the line segment's Available Capacity, and allocating that percentage of the line segment's Available Capacity to that Shipper.

Starting the thirteenth (13<sup>th</sup>) month following the in-service date of any line segment, and continuing thereafter, when more Crude Petroleum is tendered for transportation in a month than Carrier can transport, Carrier shall apportion its Available Capacity by allocating space in such line segment in the following manner:

(a) **Historic Shippers:** The percentage of pipeline capacity to be allocated to each Historic Shipper will be calculated by using data from the Base Period and dividing the sum of the shipments made for the account of each Historic 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 Historic Shipper. Each Historic Shipper will receive the lesser of its actual nomination or its allocation resulting from the above calculation. In the event that the above calculation results in any Historic Shipper being allocated more capacity than its actual nomination, the excess of the calculated allocation over the Historic Shipper's actual nomination will be reallocated per capita among all other New Shippers and Historic Shippers whose nominations would not be fulfilled through the allocations calculated in Paragraphs (a) and (b) of this Item. The Carrier will repeat this reallocation process until all of the Available Capacity has been allocated. Allocations for Historic Shippers will be subject to pro rata reduction on the basis of the percentages calculated in this Paragraph (a), if required, to accommodate New Shippers.

(b) New Shippers: Up to two and one-half percent (2.5%) of Available Capacity on a line segment will be allocated to each New Shipper, subject to a cap of ten percent (10%) of Available Capacity for all New Shippers. During periods of prorationing, New Shippers will be allocated pipeline capacity as follows:

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.

In the event that more than four (4) 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 pipeline Available Capacity. The resulting percentage shall be the initial New Shipper's "Proration Factor". Each New Shipper will be allocated pipeline segment capacity equal to the lesser of:

- (1) 2.5% of Available Capacity, or
- (2) its nominated volumes, or
- (3) its nominated volumes multiplied by the initial New Shipper Proration Factor.

Any pipeline segment capacity that remains available after the above calculations, subject to the maximum cap of ten percent of all Available Capacity, as outlined above, will be allocated equally among the New Shippers whose nominations were not fulfilled under the allocations calculated in Paragraph (b).

(c) Starting the thirteenth (13th) month following the in-service date of any line segment, and continuing thereafter, in the event that Firm Shippers are allocated the full ninety (90) percent of the Pipeline's available capacity, then Historic Shippers and New Shippers together shall be allocated capacity pursuant to the provisions of Paragraph (b) above.

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

"Base Period" – The "Base Period" is the 12-month period beginning 13 months prior to the month of prorationing.

"Firm Shipper" – A shipper that has signed a committed, firm transportation service agreement with Carrier that provides for firm service, which is not subject to prorationing during normal operating periods, in exchange for the payment of a premium rate by such shipper.

"Historic Shipper" – A shipper that has tendered Crude Petroleum for transportation on a specific line segment during the entirety of the Base Period.

“New Shipper” – A shipper that tenders Crude Petroleum for transportation on a specific line segment that does not qualify as a Historic Shipper, as defined in this Item. A New Shipper will become a Historic Shipper 13 months after the month of their first shipment if the New Shipper has tendered Crude Petroleum for Transportation on a specific line segment during the entirety of the Base Period.

(e) Allocated space of one Shipper may not be assigned, conveyed, or used by another Shipper during such time as this Proration policy is in effect.

(f) If a Shipper does not tender for shipment their allocated volume during any month in which the pipeline is prorated, the Shipper will be invoiced and will be responsible for payment of an amount equal to the total allocated volume, less any volumes actually shipped during the month, times the currently applicable tariff rate.

#### **145. LIABILITY OF CARRIER**

(a) The Carrier, while in possession of any of the Crude Petroleum herein described, shall not be liable for any loss thereof, damage thereto, or delay, caused by: an event of Force Majeure, as described in these Rules and Regulations, FORCE MAJEURE; default of Shipper, Consignor or Consignee; or from any other cause not due to the negligence of Carrier. In no event shall Carrier be liable to Shipper, Consignor or Consignee for consequential, incidental, indirect, special or exemplary damages.

(b) In case of loss of Crude Petroleum due to an event of Force Majeure; default of Shipper, Consignor or Consignee; or from any other cause not due to the negligence of Carrier, each Shipper of the grade of Crude Petroleum so lost via the System in which the loss occurs, shall share such loss in the proportion that the amount of such grade of Crude Petroleum then in the custody of Carrier for the account of such Shipper in such System bears to the total amount of such grade of Crude Petroleum then in the custody of Carrier in such System. Statements of quantities ascertained and computed from records in the usual manner by Carrier shall be accepted as prima facie correct in the distribution of losses under this Item.

(c) Carrier will be obligated to deliver only that portion of a Crude Petroleum shipment remaining after deducting such loss. In such event, gathering and delivery rates charges will be made only on quantities of Crude Petroleum delivered.

(d) If Crude Petroleum is lost in transit, while in the custody of Carrier, due to causes other than those described in subsections (a) and (b) of this Item, Carrier may obtain and deliver to Shipper other Crude Petroleum of the same quantity and grade as that which was lost, but Carrier

shall not be obligated to do so. In the alternative, Carrier may compensate Shipper for such loss in money. If Carrier compensates Shipper for such loss in money, the price per Barrel shall be determined as of the date of the loss based the monthly average price as calculated by the Platts pricing service for Bakken Assessment posting for the month in which the loss occurs. Carrier's liability to Shipper, Consignor or Consignee for any claim of negligence or other loss shall be collectively limited to the value of the Crude Petroleum gathered and/or transported and related gathering and/or delivery charges.

(e) As between Shipper and Carrier, Carrier shall have no liability to connecting carriers for failure of Shipper to deliver volumes of Crude Petroleum that fails to comply with the connecting carrier's tariff or other binding documentation.

#### **150. LIABILITY OF SHIPPER**

(a) Shipper shall indemnify and hold Carrier harmless from any and all personal injuries, property damage (including full or partial loss of use of property), damages, claims, suits, costs and recoveries of every name and nature which may in any manner arise or grow out of breach of warranty or representation of the Shipper with respect to any shipment Tendered by such Shipper and transported by Carrier whether due to the negligence of Carrier, its contractors officers, agents and employees; and in the event any suit or action shall be brought against Carrier to recover on account of such loss, damage, injury or destruction agreed to be borne by Shipper, Shipper shall appear and defend any such suit or action and pay any judgment that may be obtained against Carrier.

(b) Shipper shall also be liable to Carrier for property damage, including damages for loss of use of any of its facilities, which may in any manner arise or grow out of Shipper's breach of warranty or representation with respect to any shipment Tendered by it and transported by Carrier.

#### **155. FORCE MAJEURE**

(a) The term "Force Majeure," as used herein and for all purposes relating hereto, shall mean any act of God; war; civil insurrection or disobedience; act of the public enemy; sabotage; acts of terrorism; accident; strikes or other labor disputes; lockouts or other industrial disturbances; blockades; riots; civil disorder or disturbances; insurrection; quarantine; rebellion; sinkholes; epidemics; landslides; lightning; earthquakes; explosions; fires; floods; storms; the act, regulation, order, direction, requisition, or necessity of any governmental or other legal authority having jurisdiction; breakdown or failures of facilities, including pipes, plants, machinery or equipment; inability to obtain or the curtailment of electric power, water or fuel; or any other event, cause or occurrence whether of the kind enumerated or otherwise which in all cases are not within the reasonable control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to prevent or overcome.

(b) The following shall not, under any circumstance, constitute an event of Force Majeure:

- (1) Shipper's inability to purchase Crude Petroleum;
- (2) lack of funds;
- (3) availability of more attractive markets for Crude Petroleum;
- (4) absence of a market for Crude Petroleum; or
- (5) availability of alternative Crude Petroleum transportation systems.

(c) A Party that fails to perform any obligation under a Tariff where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is reasonably able to do so, provided that the terms of the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the Party claiming suspension of its obligations hereunder by reason thereof.

(d) Notwithstanding the above provisions, no event of Force Majeure shall:

- (1) relieve any Party from any obligation under a Contract or the Tariff unless such Party gives notice with reasonable promptness of such event to the other Party; or
- (2) relieve any Party from any obligation under a Contract or the Tariff after the expiration of a reasonable period of time within which, by the use of its due diligence, such Party could have remedied or overcome the consequences of such event of Force Majeure.

(e) Except as otherwise expressly provided in a Tariff, no event of Force Majeure shall relieve any Shipper from its obligations under a Tariff to make payments pursuant to these Rules and Regulations or to provide Financial Assurances pursuant to these Rules and Regulations to Carrier under the Tariff during the continuance of such Force Majeure event.

**160. 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 Petroleum, 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.

**165. CHOICE OF LAW**

This tariff, and the provision of service hereunder, shall be governed and construed according to the laws of the state of Texas, without regard to principles of conflict of laws that, if applied, might require the application of the laws of another jurisdiction.