

Bridger Pipeline LLC

LOCAL TARIFF CONTAINING RULES AND REGULATIONS GOVERNING THE TRANSPORTATION OF PETROLEUM BY PIPELINE

FERC ICA Oil Tariff

GENERAL APPLICATION

Carrier will undertake the transportation of Petroleum, only as defined herein, receiving and delivering such Petroleum through its own pipelines from or to pipelines of connecting carriers and not otherwise, subject to the rules and regulations contained in this tariff publication.

The rules and regulations published herein apply only under tariffs making specific reference by FERC number to this tariff and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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

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Rules and Regulations

Item No. 5. DEFINITIONS

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

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

"Carrier" as herein used means Bridger Pipeline LLC.

"Consignor" - as herein used means the party from whom a Shipper has ordered the receipt of Petroleum.

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

"Financial Assurances" as herein used means the Financial Assurances provided by Shippers and accepted by Carrier in accordance with Item No. 140 (FINANCIAL ASSURANCES).

"Petroleum" as herein used means: (1) any crude petroleum adapted for refining or fuel purposes which by A.S.T.M. (American Society for Testing Materials) 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.

"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.

"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.

"Nomination Deadline" as used herein means the date by which a Shipper wishing to ship on Carrier's system must submit a Nomination to Carrier. The Nomination Deadline for a particular transportation month will occur in the month preceding the month of transportation.

"Transferor" as herein used means the party who or which requests Carrier to recognize and record a change in ownership of Petroleum from his or its account to a designated transferee's account.

"Vapor Pressure" means the pressure above the surface of a liquid relative to zero pressure (absolute), also called true vapor pressure, as determined by ASTM D6377, which is the current version of the standard test method for determination of vapor pressure of crude oil: VPCRx (Expansion Method).

Item No. 11. NOMINATIONS REQUIRED

(a) Petroleum for shipment through lines of Carrier will be received only upon a properly executed Nomination showing the point at which the Petroleum is to be received, point or points of delivery, Consignee, and the amount of Petroleum to be gathered and transported. Any Shipper desiring to tender Petroleum for transportation shall submit a Nomination to Carrier in writing on or before the Nomination Deadline applicable to the month of transportation. Prior to the beginning of each calendar year, Carrier will distribute to all current Shippers a schedule of the Nomination Deadlines applicable to each transportation month during the upcoming calendar year. Carrier will also provide a copy of the yearly schedule of Nomination Deadlines to any interested Shipper or potential shipper upon request.

(b) If space is available and operating conditions permit, Carrier may accept Nominations for transportation after the Nomination Deadline applicable for that month.

(c) Carrier may refuse to accept Petroleum for gathering and transportation unless satisfactory evidence has been furnished that Shipper or its Consignee has made provisions for prompt receipt thereof at the destination.

Item No. 15. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS

Carrier will require each Shipper to supply a pro rata share of Petroleum for line fill necessary for efficient operation of Carrier's system.

Such line fill may be withdrawn from Carrier's system only after ninety (90) days and subsequent to: (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. 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 a dispute of title exists or which is encumbered by any lien (except for the lien created in favor of Carrier pursuant to Item No. 100) 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 and/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 that may in any manner arise or grow out of Shipper's breach of warranty or representation with respect to any shipment Nominated and/or tendered by Shipper and transported by Carrier. Acceptance for transportation shall not be deemed a representation by 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 or grow out of Shipper's breach of warranty or representation with respect to any shipment tendered by Shipper and transported by Carrier.

Item No. 25. SPECIFICATION AS TO QUALITY RECEIVED

Carrier reserves the right to reject any individual tender of Petroleum that does not meet the conditions set forth below. Each Shipper shall Nominate and tender for transportation only good and merchantable Petroleum. Petroleum Nominated and tendered for transportation shall (1) contain not more than one half of one percent ($\frac{1}{2}$ of 1%) of basic sediment, water, and other impurities, no more than two tenths of one percent (0.2%) of which is water, (2) have a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit, (3) have gravity, viscosity, pour point, and other characteristics such that it will be readily susceptible to transportation through the Carrier's existing facilities, (4) have an A.P.I. gravity of greater than fifteen degrees (15°) 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, and (5) 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 or 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 those 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.

Carrier reserves the right to reject any Petroleum received or offered for transportation that exceeds 10 ppm hydrogen sulfide (H₂S) using ASTM D5705-12 methodology at the following receipt points on Four Bears Pipeline: (i) Hwy 23 and Hwy 73 (Johnson's Corner) Stations in McKenzie County, (ii) Hwy 200 Station in Dunn County and (iii) all Four Bears Pipeline Gathering Systems in Dunn and McKenzie Counties, North Dakota.

Item No. 30. COMMON STREAM PETROLEUM - CONNECTING CARRIERS

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of 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 Petroleum. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Petroleum.

Item No. 31. 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 destination of said buffers and batch, which batch Carrier will endeavor to keep as substantially the same Petroleum as that received by Carrier at the origin, but Carrier shall not be liable 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 destination such leading and trailing buffers as mixed in transit together with its batch. Neither shall Carrier be liable for variation in the gravity and/or quality of Petroleum in prior or subsequent trailing batches.

Item No. 35. SHIPMENTS, MAINTENANCE OF IDENTITY

Carrier shall not be liable to Shipper for changes in gravity, quality, or characteristics of Shipper's Petroleum 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, Carrier will use its best efforts to deliver Petroleum to Shipper at the designated destination point that is of a type equivalent to that accepted from Shipper; however, Carrier shall be under no obligation to make delivery to Shipper of the identical Petroleum tendered by Shipper at the applicable origin point but rather may make delivery out of the 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. 42. COMPLIANCE WITH OSHA REGULATIONS

When OSHA regulations require the presence of a second Carrier employee at a site because of H2S levels, Shipper shall be assessed an additional fee of **[I] 22.53 cents (\$0.2253)** per Barrel. This fee may be waived if Shipper provides a permanent alternative mechanism to comply with such rules that does not require the presence of a second Carrier employee. Any alternative must be approved and agreed to by Carrier.

Item No. 45. ADDITIVES

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

Item No. 50. DUTY OF CARRIER

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

Item No. 55. ORIGIN AND DESTINATION FACILITIES REQUIRED

Carrier will receive Petroleum from Shippers 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 by or arranged for by Shipper or its Consignee at pressures 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.

Carrier has working tanks that are needed by Carrier to transport Petroleum but has no other tanks and, therefore, does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage during transit in facilities furnished by Shipper at points on Carrier's system will be permitted to the extent authorized under individual tariffs.

Item No. 65. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE

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] 1.16 cents (\$0.0116)** 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 pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by Shipper.

Item No. 70. GAUGING, TESTING AND DEDUCTIONS

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 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 any 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.

One of the following pipeline loss allowance will be used when specifically referenced in the applicable tariff.

Option 1

A deduction of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 2

No deduction will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 3

Quantities transported will be adjusted to allow for inherent losses, including but not limited to shrinkage, evaporation, interface losses and other losses. Pipeline loss adjustments will be made on the basis of total quantities transported.

Option 4

A deduction of one-tenth of one percent (0.1%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 5

A deduction of fifteen hundredths of one percent (0.15%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 6

A deduction of twenty-five hundredths of one percent (0.25%) will be made to cover evaporation, interface losses, and other normal losses transportation.

Option 7

A deduction of three-tenths of one percent (0.3%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 8

A deduction of thirty-five hundredths of one percent (0.35%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 9

A deduction of one-half of one percent (0.5%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

In addition to the above, 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.

After consideration of all of the factors set forth in this Item No. 70, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

Item No. 76. PRORATIONING

I. 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 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 Existing Shipper's 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 Binding Nomination from Shipper by the specified time, Carrier will deem Shipper to have conclusively agreed to Shipper's Existing Shipper Allocation or New Shipper Allocation, as applicable, as such amount is set forth in Carrier's 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 having unmet Nominations and that are not subject to capped Initial Nominations pursuant to Subpart (4)(b) of this Item No. 76 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 (4)(b) of this Item No. 76 for the transportation 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 (4)(b) of this Item No. 76 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 (4)(b) of this Item No. 76 for the transportation month to which the Initial Nominations apply. Any Shipper accepting additional capacity pursuant to the above-described process must amend its Binding Nomination with an "Amended Binding Nomination" reflecting the increased allocation to Shipper. If the aggregate Binding or Amended Binding Nominations are less than Available Capacity following implementation of this process, the pipeline segment will no longer be in apportionment and Subpart (4) of this Item No. 76 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 (4) of this Item No. 76 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 4(b) of this Item No. 76 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 4(b) of this Item No. 76 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 (4) of this Item No. 76 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 (4) of this Item No. 76 shall apply with respect to the transportation month applicable to this allocation process.

(1) Existing Shippers: 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 Paragraph (1), if required, to accommodate New Shippers.

(2) 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 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:

(a) two and one-half percent (2.5%) of Available Capacity, or

(b) its nominated volumes, or

(c) its nominated volumes multiplied by the initial New Shipper Proration Factor (also "New Shipper Allocation").

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

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

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

(iii) "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 its Amended Binding Nomination, as applicable, and such deficiency was not caused by an event of Force Majeure.

(iv) "Existing Shipper" – A Shipper that has tendered Petroleum for transportation on a specific line segment during each month of the Base Period.

(v) "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 Paragraph (1) of this Item No. 76.

(vi) "Existing Shipper Capacity Allocation" – The capacity allocation for a line segment for each Existing Shipper calculated pursuant to the formula set forth in Paragraph (1) of this Item No. 76.

(vii) "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. 76 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. 76; 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.

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

(ix) "New Shipper" – A Shipper that tenders Petroleum or petroleum products for transportation on a specific line segment that does not qualify as an Existing Shipper, as defined in this Item No. 76, Paragraph (3).

(x) "New Shipper Allocation" – Has the meaning set forth in Item No. 76(2)(i) or (2)(ii), as applicable.

(xi) "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 Paragraph (2)(ii) of this Item.

(xii) "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.

(4) During a transportation month in which Carrier is required to pro-rate under this rule, 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 month in which Carrier is required to pro-rate under this rule, with respect to each applicable line segment, if any New or Existing Shipper delivers 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. 140 (FINANCIAL ASSURANCES) ("Deficient Tender") the following penalties shall apply during any rolling twelve (12)-month period:

(a) 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.

(b) 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 Section 4(c) 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 Section I of this Item No. 76.

(c) 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. 80. APPLICATION OF RATES & 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. Trunk line transportation and all other lawful charges will be collected on the basis of the net quantities of Petroleum delivered. Gathering charges will be collected on the basis of net quantities of Petroleum received. All net quantities will be determined in the manner provided in Item No. 70 (GAUGING, TESTING AND DEDUCTIONS).

Item No. 85. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

For Petroleum accepted for transportation from any point on Carrier's lines not named in a particular tariff, which is intermediate to a point from which rates are published in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply. For Petroleum accepted for transportation to any point not named in a particular tariff which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply.

Item No. 90. CHARGE FOR COMPENSATION FUND FEES INCURRED BY COMPANY

In addition to all other charges accruing on Petroleum accepted for 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.

Item No. 100. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

(a) Shipper shall be responsible for payment of transportation and all other charges associated with the transportation of Shipper's Petroleum on Carrier's system, and if required, shall furnish Financial Assurances satisfactory to Carrier in accordance with Item No. 140 (FINANCIAL ASSURANCES) of this tariff. If any charge remains unpaid after the payment due date, 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%) percent 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 Carrier by Shipper, and Carrier may withhold such Petroleum from delivery to Shipper to cover payment of all charges, including demurrage and late charges and may refuse to make delivery of the Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five (5) days after payment is due pursuant to the invoice, Carrier shall have the right, either directly or through an agent, to sell on of Shipper's Petroleum within the custody of Carrier at a public auction. Carrier shall have the right to sell said 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 (24) 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 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 transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

(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.

Item No. 105. DIVERSION

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

Item No. 110. 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, flood, 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. 76), or from any other 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. Transportation charges will be assessed only on the net quantity of Petroleum delivered.

Item No. 115. 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 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 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. 120. PIPEAGE OR OTHER CONTRACTS

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

Item No. 125. QUALITY BANK

See individual tariffs for Quality Bank provisions on specific systems, if applicable.

Item No. 130. STRATEGIC PETROLEUM RESERVE

In the event that Carrier is required to perform crude oil drawdowns from the Strategic Petroleum Reserve, such an event may be considered a cause recognized by Item No. 110 of the rules and regulations, and Carrier's ability to perform may be limited and excused by such occurrences without liability.

Item No. 135. INTRASYSTEM TRANSFERS

[I] 2.02 cents (\$0.0202) 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. 135, 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. 135 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. 140 (FINANCIAL ASSURANCES) of this tariff.

Item No. 140. 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. 140(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. 140(b)(i) shall be retained by Carrier in a non-interest-bearing escrow account until such time as Carrier determines that the 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 the return of the Financial Assurances provided by Shipper or prospective shipper in accordance with Item No. 140(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 Assurances to such Shipper or prospective shipper.

Item No. 145 Access and Use of Shipper's and Producer's Facilities

Carrier shall have the right to install, in suitable locations, and to operate and maintain, pipe lines, pumping equipment, other auxiliary pipe line equipment, and power service facilities upon and across surface lands held by Shipper or a producer in connection with Petroleum tendered for transportation under this tariff.

Carrier, by its representative, shall have the right to go upon the premises where Petroleum tendered for shipment is produced or stored, and shall have access to any metering installations or storage receptacles for the purpose of making examinations, inspections, measurements, or tests authorized by, or necessary to effectuate, these regulations.

Carrier shall be allowed full and free use of roads and airstrips built, owned or leased by Shipper or producer when, in Carrier's opinion, their use is required for access to, and the operation and

maintenance of, Carriers pumping equipment and pipe line system. The Shipper or producer shall maintain such roads in a reasonable condition.

EXPLANATION OF REFERENCE MARKS:

[I] Increased rate.