

# Enable Bakken Crude Services, LLC

LOCAL TARIFF

CONTAINING

**RULES AND REGULATIONS**

GOVERNING THE GATHERING AND TRANSPORTATION

OF

**CRUDE PETROLEUM**

BY PIPELINE

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Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such references will include subsequent reissues hereof.

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

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ISSUED BY:

Jonathan Christian  
Associate General Counsel  
Enable Bakken Crude Services, LLC  
910 Louisiana St., 48<sup>th</sup> Floor  
Houston, TX 77002  
Telephone: (346) 701-2146  
Fax: (346) 701-2918

COMPILED BY:

Lisa Yoho  
Senior Director- Regulatory & FERC Compliance  
Enable Bakken Crude Services, LLC  
910 Louisiana St., 48<sup>th</sup> Floor  
Houston, TX 77002  
Telephone: (346) 701-2539  
Fax: (346) 701-2918

**TABLE OF CONTENTS**

**SECTION I: RULES AND REGULATIONS ..... 3**

1. DEFINITIONS..... 3

2. COMMODITY..... 5

3. QUALITY SPECIFICATIONS ..... 5

4. VARIATIONS IN QUALITY AND GRAVITY..... 7

5. NOMINATIONS REQUIRED ..... 7

6. NOMINATIONS IN EXCESS OF CAPACITY ..... 8

7. MEASUREMENT AND EVIDENCE OF RECEIPTS AND DELIVERIES ..... 10

8. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER. 10

9. STORAGE OF CRUDE PETROLEUM IN TRANSIT ..... 10

10. DESTINATION FACILITIES..... 11

11. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION ..... 11

12. RETENTION STOCK ..... 11

13. TITLE..... 11

14. RATES APPLICABLE & SHORTFALL PAYMENTS ..... 12

15. RATES APPLICABLE FROM INTERMEDIATE POINTS..... 12

16. PAYMENT OF CHARGES ..... 12

17. CHARGE FOR FUND COMPENSATION ..... 14

18. DEDUCTIONS AND QUANTITIES DELIVERABLE ..... 14

19. LIABILITY OF TRANSPORTER ..... 15

20. CLAIMS, SUITS, AND TIME FOR FILING ..... 15

21. CONNECTION POLICY ..... 15

**SECTION II: TABLE OF RATES..... 16**

**SECTION I  
RULES AND REGULATIONS**

**1. DEFINITIONS**

“Annual Deficient Barrels” means the difference between the Barrels a Committed Shipper actually ships on the System during a Contract Year and the Committed Shipper’s Annual Volume Commitment for such Contract Year.

“Annual Shortfall Payment” has the meaning set forth in Item 14(B)(i).

“Annual Volume Commitment” means the volume of Crude Petroleum a Committed Shipper has agreed to ship on the System in a particular Contract Year during the Term, as specified in the Committed Shipper’s TSA.

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

“A.P.I. Gravity” means gravity determined in accordance with American Society for Testing Materials Designation D-287-82.

“Applicable Law(s)” means all applicable present and future laws, statutes, directives, codes, ordinances, rules, regulations, municipal by-laws, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings or awards, consent orders, consent decrees and policies of any governmental authority having jurisdiction over the parties, this tariff or the services performed or the facilities utilized under this tariff.

“Barrel” means a barrel of forty-two (42) gallons, United States measurement at standard temperature and pressure as defined by the A.P.I.

“Base Period” means the twelve (12) month period beginning thirteen (13) months prior to the month of prorationing.

“Business Day” means Monday through Friday of each week, excluding banking holidays.

“Committed Shipper” means a Shipper that has executed a TSA.

“Common Stream(s)” means Crude Petroleum moved through Transporter’s System and associated facilities that is commingled or intermixed with other Crude Petroleum in the System.

“Confirmed Capacity” has the meaning set forth in Item 6(H).

“Contract Year” means each year during the term of the TSA, beginning on the effective date of the TSA.

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

“Crude Petroleum,” means direct liquid product of oil or gas wells that meets Transporter’s product quality specifications.

“Delivery Point” means the outlet meter(s) on the System as designated by Shipper to Transporter from time to time as the destination for the Crude Petroleum to be shipped hereunder.

“Encumbered Crude Petroleum” has the meaning set forth in Item 13.

“Excess Delivered Barrels” means the volume of Crude Petroleum that a Committed Shipper ships on the System during a Contract Year that exceeds the Shipper’s Crude Oil Production Curve (as specified in Exhibit C of the Committed Shipper’s TSA) for such Contract Year.

“Force Majeure” means any cause or causes not reasonably within the control of either Transporter or Shipper (each a “Party”) and which, by the exercise of reasonable diligence, the affected Party is unable to prevent or overcome. Examples of Force Majeure may include, but are not be limited to: Acts of God; acts, omissions to act and/or delays in action of federal, state or local government or any agency thereof; strikes, lockouts, work stoppages or other industrial disturbances; acts of the public enemy; acts of terrorism; wars; blockades; insurrections; sabotage; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests or restraint of governments, rulers or peoples; civil or criminal disturbances; interruptions by governmental or court orders; present and future valid orders of any regulatory body having jurisdiction; explosions; mechanical failures; breakage or accident to equipment, machinery or lines of pipe, compressors or plants (not due to the negligence or willful misconduct of the Party) and subsequent repairs; freezing or blockage of lines of pipe, partial or entire failure of production facilities or equipment, treating plants, or transportation facilities or separation facilities; governmental regulations; curtailment of, or other inability to obtain equipment, labor, materials or supplies and/or services and/or electric power used in making and/or receiving deliveries hereunder; the inability of either Party to acquire, or the delays on the part of a Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, approvals, permits, consents, easements and/or rights-of-way; and compliance with Applicable Laws.

“Incremental Barrels” has the meaning set forth in Item 6(C)(ii).

“Incremental Capacity” means the difference between ninety percent (90%) of the available capacity on the System in a Proration Month (excluding the Killdeer Expansion Capacity and the Lost Bridge Expansion Capacity), less the aggregate amount of capacity allocated to all Committed Shippers under Item 6(C)(i) of this Tariff.

“Killdeer Expansion Capacity” means the tranche of capacity on Carrier’s System that originates at the Killdeer Wells in Dunn County, North Dakota and extends to the Delivery Points that is designed to transport at least 8,350 barrels per day of Crude Petroleum, as measured on an average daily basis.

“Lost Bridge Expansion Capacity” means the tranche of capacity on Carrier’s System that originates in Dunn County, North Dakota, with initial origin points that went into commercial service on [XX date], and extends to the Delivery Points that is designed to transport at least 72,150 barrels per day of Crude Petroleum, as measured on an average daily basis.

“Monthly Volume Commitment” means (a) with respect to available capacity on the System (excluding the Killdeer Expansion Capacity and the Lost Bridge Expansion Capacity), the product of (i) a Committed Shipper’s Annual Volume Commitment divided by 365, multiplied by (ii) the number of days in the Proration Month, and (b) with respect to the Killdeer Expansion Capacity and the Lost Bridge Expansion Capacity, a Committed Shipper’s pro rata share of the ninety-percent of such capacity that is reserved for Committed Shippers, which share shall be determined based upon Nominations submitted by Committed Shippers.

“Nomination” or “Nominate” means a written communication (in form and context specified by Transporter) made by a Shipper to Transporter of an approximate quantity of Crude Petroleum for

transportation from a specified Receipt Point to a specified Delivery Point in accordance with Transporter's applicable tariff or tariffs.

"Primary Term" means the primary term of a Committed Shipper's TSA.

"Primary Term Deficient Barrels" has the meaning set forth in Item 14(B)(ii).

"Primary Term Delivered Barrels" means the total volume of Crude Petroleum shipped on the System by a Committed Shipper during the Primary Term.

"Primary Term Volume Commitment" means the total volume of Crude Petroleum a Committed Shipper has agreed to transport on the System during the Primary Term, as specified in Exhibit D of the Committed Shipper's TSA.

"Proration Month" means the calendar month for which capacity is to be allocated under Item 6 of this Tariff.

"Receipt Point" means points where Crude Petroleum is received into the System, as such points may be specified by Transporter from time to time in individual tariffs.

"Retention Stock" means the volume of Crude Petroleum required by Transporter for operational and scheduling purposes as specified from time to time by Transporter, which shall include an allowance for losses and fuel and power costs. Line fill shall be provided by Transporter and shall not be included in the calculation of Retention Stock.

"Shipper" means a party that contracts with Transporter for transportation of Crude Petroleum in accordance with this Tariff and any other applicable tariffs.

"System" means Transporter's pipeline system and all related facilities, including operational tankage, if any.

"Tender" or "Tendered" means an offer of delivery by a Shipper to Transporter of a stated quantity of Crude Petroleum for transportation from a specified Receipt Point to a specified Delivery Point in accordance with Transporter's applicable tariff or tariffs.

"Transporter" means Enable Bakken Crude Services, LLC.

"TSA" means a Transportation Services Agreement executed by Transporter and a Committed Shipper pursuant to any open season held by Transporter.

"Uncommitted Shipper" means a Shipper that is not a Committed Shipper.

"Volume Commitment" means the annual level of Crude Petroleum a Committed Shipper has committed to ship on the System, as such amount is set forth in Exhibit B to the Committed Shipper's TSA.

## **2. COMMODITY**

Transporter is engaged in the transportation of Crude Petroleum only and therefore will not accept any other commodity for transportation under Transporter's applicable tariffs.

## **3. QUALITY SPECIFICATIONS**

- A. Shipper shall not Tender Crude Petroleum for transportation on the System unless the gravity and other properties of the Crude Petroleum are such that the Crude Petroleum will be readily susceptible to transportation through the System, and such Crude Petroleum will not adversely affect the quality of Crude Petroleum received from other Shippers or damage the Common Stream or the System.
- B. As a prerequisite to transportation on the System, Shipper's Crude Petroleum must also conform to the quality specifications of the connecting carrier or facility at any Delivery Point.
- C. Shipper shall perform applicable tests to ensure that the Crude Petroleum it Tenders to Transporter for delivery on the System conforms to the specifications set forth in this Item 3. Should spot samples, analyses, or any other test (including tests performed by Transporter) indicate that the Crude Petroleum Tended or to be Tended does not meet the specifications required by Transporter, Shipper agrees to stop delivery of such off-specification Crude Petroleum to Transporter until such time as it is determined by additional testing that the Crude Petroleum meets the definition of Crude Petroleum issued by Transporter.
- D. The specifications set forth in this Item 3 shall apply to each Barrel of the Shipper's Tender and shall not be limited to the composite sample of the Tender.
- E. Transporter reserves the right to reject all Tenders or any part thereof, if Transporter determines, in its discretion, reasonably exercised, that Shipper has not delivered Crude Petroleum that meets the following standards:
  - i. API Gravity between 37 degrees and 45 degrees at 60F
  - ii. Reid vapor pressure equal to or below 9.5 pounds per square inch absolute
  - iii. Basic sediment, water, and other impurities of 0.5% or less, with a maximum of 0.3% free water
  - iv. A temperature less than 100F
  - v. A pour point of negative 20F or below
  - vi. A maximum total suspended solids content of 0.02% by mass
  - vii. If Crude Petroleum is accepted from tankage, settled bottom in such tanks must not be above a point 6 inches below bottom of pipeline connection with the tank from which it enters Transporter's facilities
  - viii. Total sulfur content below 0.2% by weight
  - ix. Crude Petroleum must not have been contaminated by the existence of and/or excess amounts of impure substances, including, but not limited to, chlorinated and/or oxygenated hydrocarbons, corrosion inhibitors, viscosity or pour point depressants, drag reducing agents, arsenic, lead and/or other metals that may result in harm to other Shippers, carriers, users of the contaminated Crude Petroleum or Transporter.

- x. Crude Petroleum that (i) does not conform to the most stringent quality requirement of the connecting carrier's quality specifications at the Delivery Point(s), (ii) is not merchantable, (iii) is not readily acceptable for transportation through Transporter's System, (iv) would otherwise adversely affect the System or other Crude Petroleum on the System, and/or (v) would, in the Transporter's sole judgment, expose employees of the Transporter or the System to an undue risk of harm or property damage.
- F. Transporter is not responsible for monitoring receipts or deliveries for contaminants. Further, Transporter reserves the right to dispose of any contaminated Crude Petroleum blocking Transporter's System. Disposal thereof may be made in any reasonable manner, including, but not limited to, commercial sales, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by Shipper introducing the contaminated Crude Petroleum into Transporter's System. Shipper liability includes, but is not limited to, claims from other Shippers, carriers, or users of the contaminated Crude Petroleum and the costs of any regulatory or judicial proceeding.

#### **4. VARIATIONS IN QUALITY AND GRAVITY**

- A. Transporter shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum that may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same Common Stream while in transit. Transporter is not obligated to deliver to Shipper the identical Crude Petroleum nominated by Shipper; Transporter will deliver the grade of Crude Petroleum it is regularly transporting as a Common Stream.
- B. Transporter shall have no responsibility in, or for, any revaluation or settlements that 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 Transporter within the same Common Stream.
- C. Transporter shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation and other material elements. Transporter cannot commit to delivering Crude Petroleum to a particular destination, at a particular time.
- D. Transporter may, from time to time, change which grades of Crude Petroleum it will regularly transport as a Common Stream between particular Receipt Points and Delivery Points on its System.

#### **5. NOMINATIONS REQUIRED**

- A. The minimum nomination for transportation by Transporter is 3,500 barrels. Transporter can accept Nominations below the minimum nomination provided that space is available and operating conditions permit lots less than 3,500 barrels.
- B. A Nomination will be accepted only when the total quantity covered by such Nomination will be made available for transportation within the month the Nomination is to begin.
- C. Crude Petroleum for shipment through the System will be received only on a properly executed Nomination form from Shipper showing the Receipt Point at which the Crude

Petroleum is to be received, the Delivery Point of the shipment, Consignee (if any), and the amount of Crude Petroleum to be transported. Transporter provides no storage service and may refuse to accept Crude Petroleum for transportation unless satisfactory evidence is furnished that Shipper or Consignee has made provisions for prompt receipt thereof at the Delivery Point. Any Shipper desiring to nominate Crude Petroleum for transportation shall make such Nomination to Transporter in writing on or before the fifteenth (15<sup>th</sup>) day of the month preceding the month during which the transportation under the Nomination is to begin. When the 15<sup>th</sup> of the month falls on a weekend, nominations will be required on the preceding Business Day. When the 15<sup>th</sup> of the month falls on a holiday, nominations will be required two (2) Business Days prior to the holiday. Unless such notification is made, Transporter will be under no obligation to accept Crude Petroleum for transportation. However, if operating conditions permit, Nominations for Crude Petroleum may be accepted for transportation after the 15<sup>th</sup> day of the month preceding the month during which the transportation under the Nomination is to begin.

- D. Transporter may refuse to accept Crude Petroleum for transportation where Shipper or Consignee is not in compliance with other provisions of this Tariff or where Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regulating shipments of Crude Petroleum.
- E. All Crude Petroleum accepted for transportation will be transported at such time and in such quantity as scheduled by Transporter.

## 6. NOMINATIONS IN EXCESS OF CAPACITY; PRORATIONING

- A. **When Capacity Will Be Prorated.** Transporter will prorate the capacity of the System or a portion of the System during any Month when Transporter receives more Nominations for transportation of Crude Petroleum than Transporter is able to transport.
- B. **Division of Capacity Between Shipper Classes.** Except as provided in Item 6(G), Transporter shall allocate capacity during a Proration Month between Committed Shippers as a class and Uncommitted Shippers as a class.
- C. **Allocation of Capacity to Committed Shippers.**
  - i. Except during events of Force Majeure, each Committed Shipper will be allocated an amount of capacity equal to its Monthly Volume Commitment.
  - ii. Each Committed Shipper will also be allocated capacity equal to any volumes Nominated by the Committed Shipper in excess of its Monthly Volume Commitment (“Incremental Barrels”), provided that the allocation of Incremental Barrels to one or more Committed Shippers does not cause the percentage of capacity allocated to Committed Shippers for the Proration Month to exceed ninety percent (90%) of the available capacity on the System for the Proration Month. If the allocation of Incremental Barrels to one or more Committed Shippers in a Proration Month would cause more than ninety percent (90%) of the available capacity of the System to be allocated to Committed Shippers, then Transporter shall allocate the Incremental Capacity available on the System for the Proration Month among all Committed Shippers that Nominated Incremental Barrels, with such allocation being done on a pro-rata basis according to the Committed Shipper’s Monthly Volume Commitments. Any portion of a Committed



Shipper's Nomination that is not met under Item 6(C)(i) or 6(C)(ii) shall be subject to proration under Item 6(E) below. In the event capacity is reduced on Transporter's System due to an event of Force Majeure, then the allocation to each Committed Shipper under this Item 6(C) shall be reduced by the same percentage as the reduction in capacity to Transporter's System that is caused by the event.

- D. **Allocation of Capacity to Uncommitted Shippers.** All capacity not allocated to Committed Shippers under Item 6(C) shall be allocated among all Uncommitted Shippers on a pro rata basis according to the Shippers' shipment history during the Base Period, up to the level of each Uncommitted Shipper's Nomination for the Proration Month.
- E. **Allocation of Remaining Capacity.** Any remaining capacity not allocated through the application of Items 6(C) and 6(D) shall be allocated among all Shippers having remaining unmet Nominations, in proportion to each such Shipper's initial capacity allocation resulting from the application of Items 6(C) and 6(D). If allocation to any Shipper pursuant to this Item 6(E) exceeds such Shipper's remaining Nomination, then the excess volume will be allocated among all other Shippers having unmet Nominations until the remaining capacity is fully allocated or all of the remaining Nominations have been fulfilled.
- F. **Basis for Allocation: Notification.** When prorationing of the capacity of Transporter's System or portion thereof is in effect:
- i. Transporter shall allocate available capacity on a monthly basis; and
  - ii. Transporter shall use reasonable efforts to notify each Shipper entitled to an allocation of capacity of the amount of its allocation no later than the first working day of the Proration Month.
- G. **Reallocation of Unused Allocated Capacity.** If Transporter becomes aware that a Shipper will not use all of its allocated capacity during a Proration Month, such unused capacity shall be made available to other Shippers in a manner that is not unduly discriminatory or unduly preferential.
- H. **Failure of Shipper to Use Allocated Capacity.** If during a month a Shipper does not Tender for shipment an amount of Crude Petroleum at least equal to the amount of capacity the Shipper was allocated by Transporter under this Item 6 ("Confirmed Capacity"), then the Shipper will be invoiced and will be responsible for payment of an amount equal to the product of (a) the difference of the Shipper's Confirmed Capacity for such month, less any volumes actually shipped by such Shipper during such month; multiplied by (b) the then-current tariff rate applicable to the Confirmed Capacity; provided, however, that in the event such Shipper is a party to a TSA with Transporter at that time, charges under this paragraph shall be without duplication of amounts due under the TSA.
- I. **Transfer of Prorated Capacity; Use of Affiliates.** Except as provided in this Item 6(I), capacity allocated to a Shipper under this Item 6 may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper; provided, however, that a Shipper's allocation of capacity may be transferred as an incident of the bona fide sale

of the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy.

## **7. MEASUREMENT AND EVIDENCE OF RECEIPTS AND DELIVERIES**

- A. Transporter or its representative will measure and test all Crude Petroleum Tendered for transportation prior to its receipt and may measure and test such Crude Petroleum at any time thereafter. Shipper or Consignee may be present or represented at the gauging, metering, and testing. Quantities shall be measured in barrels and determined in accordance with applicable API/ASTM standards and pipeline industry practice or such other tests as may be agreed upon by Transporter and Shippers.
- B. All Crude Petroleum shall be received and delivered with documented meter tickets.
- C. Transporter may require Shipper to furnish a certificate setting forth in detail the specifications of each shipment of Crude Petroleum offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Crude Petroleum in Transporter's custody or to Transporter's pipeline or other facilities caused by failure of the Crude Petroleum Tendered to meet the specifications stated in Shipper's certification. Transporter may, but shall not be required to, sample and/or test any shipment prior to acceptance or during receipt of shipment, and, in the event of variance between the specifications contained in said certificate and the specifications indicated by Transporter's test, Transporter's test result shall prevail and be used to determine whether the shipment meets Transporter's specifications. Shipper or Consignee may be present or represented at such measuring and testing.
- D. A representative of Transporter shall have the right to enter upon the premises where Shipper's Crude Petroleum is received or delivered and have access to any and all storage receptacles or meters for the purposes of measuring and testing and to make any examination, inspection, measurement or test required.
- E. Whenever there is substantial evidence of meter malfunctions in a custody transfer measurement, the Parties involved in the custody transfer shall negotiate an appropriate adjustment on the basis of the most reliable and accurate information available. Such adjustments may only be claimed for a period of 90 days after the malfunction occurred. Should the Parties be unable to agree to the date such malfunction occurred, such adjustments will be limited to a period of 90 days from the date the malfunction was confirmed through appropriate measurements or tests. Parties must present appropriate documentation to contest such measurements and/or tests.

## **8. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER**

Shipper shall deliver Crude Petroleum into Carrier's System through Receipt Points having automatic custody transfer facilities. Unless otherwise determined by Carrier, these automatic custody transfer facilities shall be owned and operated by Transporter, but Shipper shall be responsible for the costs of installing and operating the facilities, including the pumping costs related thereto. Carrier's determination pursuant to this Item 8 shall be exercised in a manner that is not unduly discriminatory or unduly preferential.

## **9. STORAGE OF CRUDE PETROLEUM IN TRANSIT**

Transporter will provide transportation of Crude Petroleum and storage incidental thereto. Any additional storage must be provided by Shipper or Shipper's designee at the sole cost of Shipper.

#### **10. DESTINATION FACILITIES**

Transporter will accept Crude Petroleum for transportation only when Shipper or Consignee has provided the necessary facilities for taking delivery of the shipment as it arrives at the Delivery Point. Transporter will not accept Crude Petroleum for transportation unless such facilities have been provided and conform to the operating requirements of Transporter in Transporter's sole discretion. The cost of such facilities shall be provided at the sole cost of Shipper seeking access to Transporter's System. Any storage beyond operational storage provided by Transporter at the Delivery Point must be provided by Shipper or Shipper's designee at the sole cost of Shipper.

#### **11. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION**

After a shipment has had time to arrive at destination and on twenty-four (24) hours' notice to Shipper or Consignee, Transporter may begin delivery of such shipment from its common stock to Shipper or Consignee at Transporter's current rate of pumping. Shipper shall timely remove Crude Petroleum, or cause Crude Petroleum to be removed, from the System following transportation to a Nominated Delivery Point. If Shipper or Consignee is unable or refuses to receive said shipment, a demurrage charge of one dollar (\$1) per Barrel per twenty-four (24) hours shall accrue from the time said notice expires on that part of such shipment which is not received by Shipper or Consignee. In addition to such demurrage charge, Transporter shall have the right to make such disposition of unremoved Crude Petroleum as is necessary for the efficient operation of the System, adjust Shipper's Nominations accordingly, and Shipper shall pay Transporter all charges associated with such disposition the same as if Shipper had authorized such, together with any associated additional costs and damages borne or incurred by Transporter. Shipper shall indemnify Transporter for all losses associated with unremoved Crude Petroleum and Transporter's disposition of unremoved Crude Petroleum. Transporter shall have no liability to Shipper associated with Shipper's unremoved Crude Petroleum or Transporter's disposition of unremoved Crude Petroleum.

#### **12. RETENTION STOCK**

A Shipper shall supply its share of Retention Stock by types and volumes as determined from time to time by Transporter.

#### **13. TITLE**

Transporter may require of Shipper satisfactory evidence of its perfected and unencumbered title of any Crude Petroleum Tendered for shipment on the System. Transporter shall have the right to reject any Crude Petroleum, when Tendered for transportation, that may be involved in litigation, the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Transporter).

At the time of Nomination, Shipper shall inform Transporter if any Crude Petroleum Nominated and/or to be Tendered to Transporter for transportation (i) may be involved in litigation, (ii) may be subject to a title dispute, or (iii) may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Transporter) ("**Encumbered Crude Petroleum**"). In the event Transporter receives such Shipper notice of Encumbered Crude Petroleum or otherwise learns that Shipper has or will Nominate or Tender Encumbered Crude Petroleum, Transporter may require Shipper to provide a satisfactory indemnity bond, pre-payment of transportation charges, or a subordination agreement from

the applicable lienholder, all to be determined in Transporter's sole discretion. Shipper agrees to hold Transporter harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided that acceptance for transportation shall not be deemed a representation by Transporter as to title.

#### 14. RATES APPLICABLE & SHORTFALL PAYMENTS

- A. **Rates.** Crude Petroleum accepted for transportation shall be subject to the rates in effect on the date of receipt by Transporter, irrespective of the date of the Nomination.
- B. **Shortfall Payments.**
  - i. If a Committed Shipper ships fewer Barrels in a Contract Year than the Committed Shipper's Annual Volume Commitment, the Committed Shipper shall make a payment to Transporter equal to the Committed Shipper's Annual Deficient Barrels multiplied by the Committed Rate in effect for such Contract Year that is then applicable to the Committed Shipper ("**Annual Shortfall Payment**"); provided, however, that the Annual Shortfall Payment shall be adjusted for any Excess Delivered Barrels and for events of Force Majeure that prevent either the Transporter or the Committed Shipper from performing its obligations under the TSA or this Tariff.
  - ii. If, at the end of the Primary Term, the Committed Shipper's Primary Term Delivered Barrels are less than the Committed Shipper's Primary Term Volume Commitment ("**Primary Term Deficient Barrels**"), the Committed Shipper must either (i) extend the length of its Primary Term pursuant to the terms of the TSA, or (ii) pay Transporter an amount equal to the product of the Primary Term Deficient Barrels and the then-effective Committed Rate applicable to such Committed Shipper.

#### 15. RATES APPLICABLE FROM INTERMEDIATE POINTS

For shipments accepted for transportation from any point not named in tariffs making reference hereto which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, the rate published therein from the next more distant Receipt Point specified in the tariff will apply from such unnamed point. For shipments accepted for transportation to any point not named in tariffs making reference hereto 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 Delivery Point specified in the tariff will apply. Continuous use of intermediate point rate application for more than thirty (30) days requires establishment of a rate for the transportation service.

#### 16. PAYMENT OF CHARGES

- A. Shipper or Consignee shall pay, as provided below, all applicable transportation and other charges accruing on Crude Petroleum handled by Transporter.
- B. All payments are due on the later of: (1) within ten (10) days of receipt of the invoice; (2) the twenty-seventh (27th) of the month following receipt of the invoice, or; (3) if the twenty-seventh (27th) of the month following receipt of the invoice is not a Business Day, on the next Business Day thereafter.

- C. If any charge remains unpaid after the due date, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of (1) 125% of the prime rate of interest, as of the date of Transporter's invoice, charged by the Citibank, N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (2) the maximum rate allowed by law. In addition, Shipper shall pay all documented costs incurred by Transporter to collect any unpaid amounts, including reasonable attorneys' fees and costs incurred by Transporter.
- D. In the event Shipper fails to pay any such charges when due, Transporter shall not be obligated to provide Shipper access to the System or provide services pursuant to this Tariff until such time as payment is received by Transporter and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Transporter shall have the right to set off such amounts owed and future amounts owed against those amounts Transporter owes Shipper.
- E. In the event Transporter determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Transporter determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Transporter, upon notice to Shipper, may require any of the following prior to Transporter's delivery of Shipper's Crude Petroleum in Transporter's possession or prior to Transporter's acceptance of Shipper's Crude Petroleum: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Transporter in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Transporter, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Transporter. In the event Shipper fails to comply with any such requirement on or before the date supplied in Transporter's notice to Shipper, Transporter shall not be obligated to provide Shipper access to the System or provide services pursuant to the applicable tariffs until such requirement is fully met.
- F. Transporter shall have a self-executing lien on all Crude Petroleum delivered to Transporter to secure the payment of any and all gathering, transportation, or any other charges that are owed to Transporter. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Transporter's possession beginning with Shipper's first receipt of transportation or other services from Transporter. The lien provided herein shall be in addition to any lien or security interest provided by this Tariff, statute or applicable law. Transporter may withhold delivery to Shipper of any of Shipper's Crude Petroleum in its possession and exercise any other rights and remedies granted under the applicable tariffs or existing under applicable law until all such charges have been paid as provided above.
- G. If Shipper fails to pay an invoice by the due date, Transporter will notify Shipper of the failure, and if Shipper has not remedied the failure within thirty (30) days following receipt of notice from Transporter, in addition to any other remedies under this Tariff or under applicable law, Transporter shall have the right, either directly or through an agent, to sell any Crude Petroleum of such Shipper in Transporter's custody at public auction, on any day not a legal holiday, not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city, or general area where the sale is to be held, stating the time and place of sale and the quantity and location of the Crude Petroleum to be sold. At said sale, Transporter shall

have the right to bid, and, if it is the highest bidder, to become the purchaser. The proceeds of any sale shall be applied in the following order: (1) To the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorneys' fees and legal expenses incurred by Transporter; and (2) To the satisfaction of Shipper's indebtedness including interest herein provided from the date payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto. Transporter will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Transporter from Shipper and the proceeds of any sale after reduction as set forth above.

#### **17. CHARGE FOR FUND COMPENSATION**

In addition to all other charges to Shipper accruing on Crude Petroleum accepted for transportation, a per Barrel charge will be assessed and collected by Transporter in the amount of any tax, fee, or other charge levied against Transporter in connection with such Crude Petroleum by any Federal, State or local act, regulation or agency for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or the reimbursement of persons sustaining a loss therefrom or any program where Transporter is acting as a collecting agent. Such charge will be included in the appropriate tariff filed with the Federal Energy Regulatory Commission.

#### **18. DEDUCTIONS AND QUANTITIES DELIVERABLE**

- A. All shipments of Crude Petroleum of A.P.I. Gravity of forty five (45) degrees or above shall be subject to a deduction to cover the shrinkage resulting from the mixture of any such shipment in the facilities of Transporter with Crude Petroleum of A.P.I. Gravity of 44.9 degrees or less according to the following table:

<b>A.P.I. Gravity</b>	<b>% Deduction</b>
45° through 49.9°	0.5
50° through 59.9°	1
60° through 74.9°	2
75° through 84.9°	3
85° through 89.9°	4
90° and above	6

- B. The quantity deliverable shall be reduced separately by (i) Shipper's share of Retention Stock, as required in Item 12, which shall include, but not be limited to, a deduction for sediment, water, other impurities in Shipper's Crude Petroleum, and (ii) a deduction for shrinkage as specified in the table shown above in this Item 18, if applicable.
- C. Where the tank or meter of the Shipper is used for volume determination for deliveries into or from Transporter's facilities, Transporter reserves the right to require re-strapping or check-strapping of any such tank, the recalculation of any tank table utilized by Shipper in relation to any such tank, and the proving or check-proving of any such meter.

**19. LIABILITY OF TRANSPORTER**

Transporter shall not be liable for, and Shipper hereby waives any claims against Transporter for, any loss or damage to Crude Petroleum prior to the delivery of Crude Petroleum at the Receipt Points and after delivery of Crude Petroleum at the Delivery Points. Additionally, Transporter shall not be liable for, and Shipper hereby waives any claims against Transporter for, any loss or damage to Crude Petroleum in its possession, or any delay in the receipt or delivery of Crude Petroleum to the extent such loss or damage or delay is caused by a Force Majeure event, by act or default by the Crude Petroleum owner (if different from Shipper), by a defect or vice in the transported Crude Petroleum, or other cause that is not the result of the negligence or willful misconduct of the Transporter.

**20. CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery by Shipper for loss, damage, or delay in receipt or delivery of Shipper's Crude Petroleum for which Transporter may be responsible, Shipper's claims must be filed in writing with Transporter within nine (9) months of gathering, if pertaining to gathering, or nine (9) months after delivery of the affected Crude Petroleum, or in case of Transporter's failure to make delivery of Shipper's Crude Petroleum, then within nine (9) months after a reasonable time for delivery has elapsed; and suits shall be instituted against Transporter only within two (2) years and one (1) day from the day when notice in writing is given by Transporter to Shipper that Transporter has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted by Shipper on such claims in accordance with the foregoing provisions, such claims will not be paid and Transporter will not be liable.

**21. CONNECTION POLICY**

Transporter is only required to consider connections to Transporter's System that are made by formal written application to Transporter in accordance with Transporter's connection policy. All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of Transporter's System in accordance with generally accepted industry standards. Acceptance of any request for connection will be within the sole discretion of Transporter and will be subject to compliance with governmental regulations.

**SECTION II  
TABLE OF RATES**

List of Points from and to which rates apply and rates on Crude Petroleum in cents per barrel of 42 US gallons.

<b>Origin</b>	<b>Destination</b>	<b>Barrels per Day [Note 1]</b>	<b>Uncommitted Shipper Rate</b>	<b>Committed Shipper Rate [Note 2]</b>
Dunn and McKenzie Counties, North Dakota	BakkenLink Pipeline LLC's Watford Terminal, and Caliber Bear Den Interconnect LLC, McKenzie County, North Dakota	5,000 or greater	[U] \$3.1339	[U] \$3.41
Killdeer Wells Dunn County, North Dakota	Bakken Link Pipeline LLC's Watford Terminal and Caliber Bear Den Interconnect LLC, McKenzie County, North Dakota	N/A	[U] \$0.6592	[I] \$1. <del>3741</del>
Lost Bridge Origin Points Dunn County, North Dakota	Bakken Link Pipeline LLC's Watford Terminal and Caliber Bear Den Interconnect LLC, McKenzie County, North Dakota	N/A	[U] \$1.3388	[U] \$1.51

**Notes**

1. If any party should request a level of service that is outside of this volume tier, Transporter will file a rate that is applicable to the requested service level, provided such request is reasonable and complies with the terms of this tariff.
2. In order to qualify for the Committed Shipper Rate, a Shipper must have entered into a Transportation Services Agreement with Transporter.

**EXPLANATION OF SYMBOLS**

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