

THUNDER CREEK NGL PIPELINE, LLC

LOCAL PIPELINE TARIFF

CONTAINING

RATES, RULES, AND REGULATIONS

Governing the Interstate Transportation and Handling
of

NATURAL GAS LIQUIDS

by Pipeline

FROM A RECEIPT POINT IN CAMPBELL COUNTY, WYOMING

TO A DELIVERY POINT IN CONVERSE COUNTY, WYOMING

The transportation service set forth herein shall be governed by the Rules and Regulations published herein, supplements hereto and reissues thereof.

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

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

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**SECTION I
RULES AND REGULATIONS****Item No. 1. DEFINITIONS**

“Affiliate” means with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or, in the case of a Person that is a limited partnership, an “Affiliate” shall include any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with the general partner of such limited partnership. For the purposes of this definition, “control” means the ownership, directly or indirectly, of more than fifty percent (50%) of the Voting Stock, of such Person; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Available Capacity” means the total available capacity on Carrier’s System during a calendar Month.

“Base Period” means the twelve (12)-Month period beginning thirteen (13) Months prior to the Proration Month and excluding the Month preceding the Proration Month.

“Barrel” means forty-two (42) United States gallons of 231 cubic inches of sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure.

“BPD” means Barrels per Day.

“Carrier” means Thunder Creek NGL Pipeline, LLC.

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

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

“Day” means the twenty-four (24) hours between 7:00 a.m. Mountain Time and 7:00 a.m. Mountain Time the following day.

“Delivery Point” means the point or points on the System where Product is delivered to Shipper or its Consignee, as specified in Section II of this tariff

“Encumbered Product” has the meaning set forth in Item No. 6 of this tariff.

“F.E.R.C.” means the Federal Energy Regulatory Commission.

“Force Majeure” means events including: strikes, lockouts, or other industrial disturbances; wars, sabotage, terrorism, blockades, insurrections, or acts of the public enemy; epidemics, landslides, lightning, earthquakes, tornadoes, loss of utilities, fires, storms, floods, washouts, or other acts of God; arrests or restraints of governments and people; compliance (voluntary or involuntary) with federal, state or local laws, rules or regulations, permits, acts, orders, directives, requisitions, or requests of any official or agency of the federal, state, or local governments; rationing of, shortages of, or inability to obtain or a delay in obtaining any material or equipment; riots or civil disturbances, fires, explosions, failures, disruptions, breakdowns, or accidents to machinery, facilities, or lines of pipe (whether owned, leased or rented); the testing of, or the making of repairs, or the performing of maintenance, alterations,

enlargements, turnarounds, or connections to machinery, facilities, or lines of pipe (whether owned, leased or rented); the necessity to not operate, or to reduce the operation of, equipment to protect the safety of the public and/or environment; freezing of lines; embargoes, priorities, expropriation, or condemnation by government or governmental authorities; interference by civil or military authorities; and any cause which is not reasonably within the control of the Carrier or Shipper, or its Affiliates, claiming suspension. Force Majeure also includes: (a) those instances where Carrier is required to obtain servitudes, right-of-way grants, permits or licenses to enable it to fulfill its obligations, the inability or delay of Carrier to acquire, at reasonable cost and after the exercise of reasonable diligence, such servitudes, right-of-way grants, permits or licenses; (b) those instances where the Carrier is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental authority to enable the Carrier to fulfill its obligations, the inability of the Carrier to acquire, at reasonable cost and after the exercise of reasonable diligence, such materials, supplies, permits and permissions; and (c) the event that a third party claims an event of force majeure or otherwise fails to perform under an agreement (whether the failure to perform is excused or unexcused), and such event prevents the performance by the Carrier.

“Law” means all applicable local, state and federal constitutions, laws (including common law), treaties, statutes, orders, decrees, rules, regulations, codes, and ordinances issued by any governmental entity, and including judicial or administrative orders, consents, decrees, and judgments, and determinations by, or interpretations of any of the foregoing by any governmental entity having jurisdiction over the matter in question.

“Month” means 7:00 A.M. Mountain Time the first day of a calendar month to 7:00 A.M. Mountain Time on the first day of the following calendar month.

“New Shipper” means a Shipper that is not a Regular Shipper.

“New Pipeline Facilities” has the meaning set forth in Item No. 2(A).

“Nomination,” “Nominate,” “Nominated” or “Nominating” means a written offer (in a form and context specified by Carrier) by a Shipper to Carrier of a stated quantity of Product for transportation from a specified Receipt Point to a specified Delivery Point pursuant to the terms of this tariff.

“Off-Spec Penalty” has the meaning set forth in Item No. 4(H) of this tariff.

“Off-Spec Product” has the meaning set forth in Item No. 4(E) of this tariff.

“Owned” means Product to which Shipper or its Affiliate(s) holds title.

“Outstanding Letter of Credit” has the meaning set forth in Item No. 14(C).

“Partial Infrastructure” has the meaning set forth in Item No. 2(A).

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, estate, unincorporated organization or governmental body.

“Product” means a demethanized mixture of natural gas liquids comprised primarily of natural gasoline, normal butane, isobutane, propane, ethane, and all mixtures thereof conforming to Carrier’s specifications.

“Proration Month” means the calendar Month for which capacity is to be allocated under Item No. 16 of this tariff

“Ratable” means the delivery of Product throughout each Month, in daily quantities that are approximately equal to the volume of Products delivered during the Month divided by the number of days in that Month.

“Receipt Point” means the point or points where Product is received into the System, as specified in Section II of this tariff.

“Regular Shipper” means a Shipper that has shipped Product on Carrier’s System during each consecutive Month of the Base Period.

“Shipper” means any party who gives notice to transport Product under the provisions outlined in this tariff.

“System” means Carrier’s pipeline system and all related facilities necessary for Carrier to provide transportation service.

“Tender” or “Tendered” means the presentation by a Shipper to Carrier of a stated quantity of Products for transportation from a specified Receipt Point to a specified Delivery Point in accordance with this tariff.

“Voting Stock” means the securities or other ownership interest in any Person which have ordinary voting power under ordinary circumstances for the election of directors (or the equivalent) of such Person, and with respect to a Person that is a limited partnership, the securities or other ownership interest in the general partner of such Person which have ordinary voting power under ordinary circumstances for the election of directors (or the equivalent) of such general partner.

Item No. 2. INTERIM SERVICE

- A. In order to place a portion of Carrier’s pipeline infrastructure (“**Partial Infrastructure**”) in service as soon as possible to benefit shippers, Carrier intends to provide the transportation services under this tariff on an interim basis. Carrier may elect to construct additional pipeline facilities that, with the Partial Infrastructure, will provide transportation service from the Receipt Point specified herein to a new delivery point or points located further south of the Delivery Point specified herein (“**New Pipeline Facilities**”). In the event that Carrier elects to construct the New Pipeline Facilities, Carrier plans to hold an open season seeking long-term commitments for movements on the New Pipeline Facilities. Carrier may disconnect the current Delivery Point specified in this tariff in order to provide the service contemplated in Carrier’s open season and, ultimately, its transportation services agreements.
- B. By Nominating and Tendering Product to Carrier under this tariff, Shipper hereby acknowledges and accepts that the transportation services provided under this tariff are for temporary transportation service only and that such service may be cancelled by Carrier in accordance with applicable law and/or in order to place the New Pipeline Facilities into service. Carrier shall provide Shipper with notice of such cancellation at least 30 days prior to the effective date of the cancellation.

Item No. 3. COMMODITY AND SERVICE

Carrier is engaged in the transportation of Product as herein defined and will not accept any other commodity for transportation under this tariff. Carrier may refuse to accept or transport any Barrels of Product from Shipper if Shipper is in violation of this tariff at the time the Barrels are Tendered to Carrier.

Item No. 4. PRODUCT SPECIFICATIONS

- A. Shipper shall not Tender Product for transportation on the System unless the Product will be readily susceptible to transportation through the System, such Product will not adversely damage the Common Stream or the System, and such Product otherwise conforms to the specifications set forth in this Item No. 4.
- B. As a prerequisite to transportation on the System, Shipper’s Product must also conform to the quality specifications of the connecting carrier or facility at the Nominated Delivery Point.
- C. Shipper shall perform applicable tests to ensure that the Product it Tenders to Carrier for delivery on the System conforms to the specifications set forth in this Item No. 4. Should spot samples, analyses, or any other test (including tests performed by Carrier) indicate that the Product Tendered or to be Tendered does not meet the specifications required by Carrier, Shipper agrees to stop delivery of such off-specification Product to Carrier until such time as it is determined by additional testing that the Product meets the definition of Product issued by Carrier.
- D. The specifications set forth in this Item No. 4 shall apply to each Barrel of Shipper’s Tender and shall not be limited to the composite sample of the Tender.

PRODUCT SPECIFICATIONS	MINIMUM	MAXIMUM	TEST METHOD	NOTES
1. <u>Composition:</u> Carbon Dioxide, LV% of Total Ethane Volume	----	0.35	GPA 2186	
Methane, LV% of Total Volume	----	0.50	GPA 2186	
Methane, LV% of Ethane Volume	----	1.50	GPA 2186	
Ethane	----	N/A	GPA 2186	
Aromatics, LV%	----	10.0	GPA 2186	
Olefins, LV%	----	1.0	GPA 2186	
2. <u>Vapor Pressure:</u> At 100°F. PSIG	----	600	ASTM D-1267 or ASTM D-2598	1
3. <u>Corrosiveness:</u>				

¹ The referee method will be ASTM D-1267.

Copper Strip at 100°F	----	No. 1	ASTM D-1838	
4. <u>Total Sulfur:</u> PPM by Weight in Liquid	----	150	ASTM D-2784 or ASTM D- 5623	
5. <u>Hydrogen Sulfide</u> <u>(H₂S):</u>	Pass	----	ASTM D-2420	
6. <u>Carbonyl Sulfide</u> <u>(COS):</u> PPM by Weight	----	10	ASTM D-5623	In Propane
7. <u>Distillation:</u> End Point °F	----	375	ASTM D-2887	
8. <u>Color:</u> Saybolt Number	+27	----	ASTM D-156 or ASTM D-6045	2
9. <u>Moisture Content</u> Free Water	----	None @ 34°F	INSPECTION	
10. <u>Halides</u> (Including Fluorides) PPM by Weight	----	1	ASTM D-7359 or UOP-619	
11. <u>Oxygenates</u> PPM by Weight	----	10	UOP-960	
12. <u>Product Temperature</u> °F	40	100	----	
13. <u>Other Deleterious</u> <u>Substances</u>	----	----	INSPECTION	3

- E. Carrier reserves the right to reject all Tenders or any part thereof and refuse transportation for such Tender, if Carrier determines that Shipper has delivered volumes into the System that (i) do not conform to the quality specifications set forth in this Item

² The referee method will be ASTM D-156.

³ This specification defines only a basic purity for this product. This product is to be free of any contamination or impurities that might render the product unusable for its commonly used applications or may be injurious to the System, the System's property or the property of third parties, or may interfere with its transportation through the System. Specific contaminations include (but are not limited to) dirt, rust, scale, and other types of solid contaminants, gum, gum-producing substances, oil, inhibitors, amine, caustics, chlorides, heavy metals, glycol, oxygenates and inorganic gases or any compound added to enhance the ability to meet these specifications.

No. 4 or those for any connecting carrier or facility, (ii) are not merchantable, (iii) are not readily acceptable for transportation through Carrier's System or any connecting carrier or facility, (iv) would otherwise adversely affect the System or any connecting carrier or facility or other Products on the System or any connecting carrier or facility, and/or (v) would, in the Carrier's sole judgment, expose employees of the Carrier or the System to an undue risk of harm or property damage (collectively, "**Off-Spec Product**"), all of which shall be determined by Carrier, in Carrier's sole discretion.

- F. If Shipper delivers Off-Spec Product to the System: (i) Carrier may accept such Shipper's delivery if Carrier determines that the quality of the Common Stream will nonetheless meet the specifications set forth in this Item No. 4; and (ii) if Carrier does not make such a determination as provided for in Item No. 4(F)(i), Carrier may exclude such Shipper from further entry into applicable segments of Carrier's System until such time as the Shipper returns the quality of its Product to a level satisfactory to Carrier. Nothing contained in this tariff, any other tariff filing, any pipeage contract or any other document, nor any receipt by Carrier of Off-Spec Product (either unknowingly, as a temporary accommodation, or in its sole discretion), shall be construed to affect the Carrier's right, at any time and from time to time, to reject Tenders of Off-Spec Product and to refuse or suspend receipt of such Off-Spec Product until it is established to such Carrier's reasonable satisfaction that subsequent deliveries of Condensate will conform to the applicable Quality Specifications.
- G. Carrier is not responsible for monitoring receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any Off-Spec Product on Carrier's System. Disposal thereof may be made in any reasonable manner including but not limited to commercial sales. Any liability associated with the contamination or disposal of any Off-Spec Product shall be borne by the Shipper introducing the Off-Spec Product into Carrier's System. Shipper liability includes, but is not limited to, the cost of such disposal or, claims from other Shippers, carriers, or users of the Off-Spec Product and the costs of any regulatory or judicial proceeding.
- H. If Shipper injects Off-Spec Product into the System, Carrier reserves the right to charge the Shipper both (i) the actual costs and expenses incurred by Carrier to treat, handle, or otherwise dispose of all such Off-Spec Product, and (ii) a [U] one dollar (\$1.00) per Barrel charge for the volume of Off-Spec Product transported by Carrier (with such charge being referred to as the "**Off-Spec Penalty**"). The Off-Spec Penalty is a penalty that is intended to discourage Tenders that violate Carrier's quality specifications. If a composite sample, spot sample, or the results of any other test demonstrate that a Shipper has injected Off-Spec Product into the System, the total Off-Spec Penalty will be assessed by multiplying the Off-Spec Penalty by the total volume received by Carrier during the Month when Carrier received the Off-Spec Product.

Item No. 5. MINIMUM NOMINATION AND PLACE OF DELIVERY

Product of the required specifications shall be nominated for transportation in quantities of not less than 1,000 Barrels per Month of the same specification, except that Carrier may, in its discretion, accept any quantity of Product if such quantity can be consolidated with other Product such that Carrier can make a single delivery of not less than 2,500 Barrels per Month. The term "single delivery" as used herein means

a delivery of Product in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.

Product shall be offered for transportation in Ratable quantities that can be received into Carrier's System at full line flow rates.

Item No. 6. TITLE

At the time of Nomination, Shipper shall inform Carrier if any Product Nominated and/or Tendered to Carrier for transportation: (i) may be involved in litigation, (ii) liens, encumbrances or charges of any kind, or (iii) may be subject to a title dispute ("**Encumbered Product**"). When any Encumbered Product is Nominated for transportation, Carrier may require Shipper to provide one or more of the following: (i) satisfactory evidence of his perfect and unencumbered title of such product, (ii) satisfactory indemnity bond to protect Carrier against any or all loss, (iii) pre-payment of transportation charges, or (iv) a subordination agreement from the applicable lienholder. Carrier also has the right to refuse any shipment of Encumbered Product when Nominated or Tendered for transportation. Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense arising from Encumbered Product or failure of title to Product; provided that acceptance for transportation shall not be deemed a representation by Carrier as to title. In addition, Shipper agrees not to cause or permit any lien, other than the lien provided for in Item No. 13 or charge of any kind to be filed with respect to Carrier's System by reason of Shipper's actions or agreements.

Item No. 7. STORAGE, RECEIPT POINT AND DELIVERY POINT FACILITIES

- A. Carrier does not furnish storage facilities or services at the Receipt Point or Delivery Point.
- B. Carrier shall accept Product only when Shipper or Consignee has provided the necessary equipment and facilities, including storage facilities, for receipt of Product into Carrier's System at the applicable Receipt Point and delivery of Product from Carrier's System at the applicable Delivery Point, and that such facilities conform to the operating requirements of Carrier.
- C. The Delivery Point facilities must be capable of receiving deliveries of Product without delay at maximum operating pressures and pumping rates of Carrier. Carrier may require evidence showing that necessary facilities are available before any obligation to furnish transportation shall arise.

Item No. 8. MEASUREMENT AND MIXTURES

- A. All Product transported by Carrier will be measured at the applicable Receipt Point and Delivery Point, as well as at any other time deemed appropriate by Carrier, in accordance with applicable Carrier and industry accepted practices and procedures. All measurements and tests shall be performed by Carrier, but Shipper and any Consignee or their representatives may be present to witness such measurements and tests. All measurements and tests performed by Carrier shall be determinative unless Shipper submits to Carrier within thirty (30) days of the date of the measurement and/or test, appropriate documentation contesting the measurement and/or test.

- B. Carrier may require Shipper to furnish a certificate setting forth in detail the specification of each shipment of Product offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Product in Carrier's custody or to Carrier's System or other facilities caused by failure of the Product Tendered to meet the specifications stated in this tariff and/or Shipper's certification. Carrier may, but shall not be required to, sample and/or test any shipment prior to acceptance or during receipt of shipment, and, if there is a variance between the specifications contained in said certificate and the specifications indicated by Carrier's test, Carrier's test result shall prevail and be used to determine whether the shipment meets Carrier's specifications. Shipper or Consignee may be present or represented at such measuring and testing.
- C. A third party agent of Carrier and approved by Shipper shall have the right to enter upon the premises where Shipper's Product 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.
- D. Any overage or shortage not due to the negligence of Carrier, including losses resulting from shrinkage, evaporation, other physical Product loss and interface mixture in any Month, will be allocated on a monthly accrual basis among Shippers in the proportion that the total number of Barrels delivered from the entire System for each Shipper bears to the total number of Barrels delivered from the entire System for all Shippers.

Item No. 9. IDENTITY OF PRODUCT

- A. Carrier is not obligated to deliver to Shipper the identical Product nominated by Shipper; Carrier will deliver the Product it is regularly transporting as a Common Stream. Carrier will not be liable to Shipper for changes in gravity or quality of Shipper's Products that may occur from commingling or intermixing Shipper's Products with other Products in the same Common Stream while in transit.
- B. Carrier 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 Products between the receipt and delivery of such shipments by Carrier within the same Common Stream.
- C. Carrier shall not be required to transport Product except with reasonable diligence, considering the quality of the Product, the distance of transportation and other material elements. Carrier cannot commit to delivering Product to a particular Delivery Point, at a particular time.

Item No. 10. NOTICE OF NOMINATIONS

- A. Product for shipment through the line of Carrier will be received only on properly executed Nominations from the Shipper showing the Receipt Point, the Delivery Point, Consignee (if any) and amount of Product to be transported. Carrier may refuse to accept Product for transportation if Carrier reasonably determines that Shipper or Consignee has not made provision for prompt receipt thereof at the Delivery Point. If Shipper does not furnish such Nomination, Carrier will be under no obligation to accept such Product for transportation.

- B. Any Shipper desiring to Nominate Product for transportation shall make such Nomination to Carrier in writing on or before 9:00 a.m., Mountain Time, on the fifteenth (15th) day of the Month preceding the Month during which the transportation under the Nomination is to begin, on forms which will be supplied by the Carrier upon request from Shipper; except that, if space is available for current movement, a Shipper may Nominate Product for transportation after the fifteenth (15th) day of the Month preceding the Month during which the transportation under the Nomination is to begin.
- C. Carrier may refuse to accept Product for transportation where Shipper or Consignee is not in compliance with other provisions of this tariff or any other applicable tariff of Carrier or where Shipper or Consignee has failed to comply with all applicable Laws, rules and regulations made by any governmental authorities regulating shipments of Products.

Item No. 11. SCHEDULING SHIPMENTS

- A. Carrier will transport and deliver Product with reasonable diligence considering the quantity, the quality of the Product, distance of transportation, safety of operations, and other material factors but will accept no Product to be transported in time for any particular market. Furthermore, Carrier shall not be liable for any delay in shipments resulting from such scheduling.
- B. Schedules of shipments and consignments will be issued to each Shipper by Carrier from time to time and in a manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's System and to reasonably accommodate Shipper's needs for transport of Product.

Item No. 12. FAILURE TO TAKE DELIVERY AT DELIVERY POINT

- A. At any time after Carrier's receipt of a Tender of Product, Carrier may deliver such shipment to Shipper or Consignee from Carrier's Common Stream at Carrier's current rate of pumping.
- B. Shipper shall remove Product, or cause Product to be removed, from Carrier's System upon its delivery to a Nominated Delivery Point. If Shipper or Consignee is unable or refuses to receive said Product, a demurrage penalty of [U] one dollar (\$1.00) per Barrel per twenty-four (24) hours shall accrue on that part of such shipment which is not received by Shipper or Consignee.
- C. In addition to such demurrage charge, Carrier shall have the right, without liability to Shipper, to make such disposition of unremoved Product as is necessary for the efficient operation of Carrier's System, and Shipper shall pay Carrier 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 Carrier. Shipper shall indemnify Carrier for all losses associated with unremoved Product and Carrier's disposition of unremoved Product. Carrier shall have no liability to Shipper associated with Shipper's unremoved Product or Carrier's disposition of unremoved Product.

Item No. 13. PAYMENT OF CARRIER CHARGES

- A. Carrier shall assess transportation and all other lawful charges accruing on Product accepted for transportation at the rate in effect at the date Product is delivered to the Delivery Point.
- B. Shipper shall pay all applicable transportation and all other charges accruing on the Product of Shipper transported by Carrier. All payments are due by the date specified in Carrier's invoice to Shipper. If any charge remains unpaid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York, as of the due date, or the maximum finance charge rate allowed by law, whichever is less.
- C. If Shipper fails to pay any charges when due under this tariff, Carrier shall have the right, until such payments, including interest thereon, are made in full, in addition to any other remedies under this tariff or under applicable Law, to: (i) withhold delivery of Shipper's Product then in its possession, (ii) refuse to provide Shipper access to the System or provide services pursuant to this tariff or any other applicable tariffs, (iii) offset the current and future amounts owed by Shipper against any amounts Carrier owes Shipper, and (iv) exercise any other rights and remedies granted under the applicable tariffs or existing under applicable Law.
- D. Carrier shall have a self-executing lien on all Products delivered to Carrier to secure the payment of any and all charges that are owed to Carrier. Such lien shall survive delivery of Products to Shipper. Such lien shall extend to all Products in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by this tariff, statute or applicable Law.
- E. If Shipper fails to pay an invoice by the due date, Carrier will notify Shipper of such failure, and if Shipper has not remedied the failure within thirty (30) days following receipt of notice from Carrier, in addition to any other remedies under this tariff or under applicable Law, Carrier shall have the right, either directly or through an agent, to sell any Products of such Shipper in Carrier'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 Products to be sold. At said sale, Carrier 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 attorney's fees and legal expenses incurred by Carrier; 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. Carrier will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Carrier from Shipper and the proceeds of any sale after reduction as set forth above.

Item No. 14. FINANCIAL ASSURANCES

- A. All prospective shippers shall, at least 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 Product under the terms of this tariff. 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 Product under the terms of this tariff. Carrier shall not be obligated to accept Product 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 Product under the terms of this tariff.
- B. Subject to the provisions of Paragraph C of this Item No. 14, 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 and in form and substance reasonably satisfactory to Carrier:
- i. payment security by wire transfer in an amount to be determined by Carrier, in its discretion, with such amount based upon Shipper's or prospective shipper's anticipated shipments on Carrier's System; 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; or
 - iii. a guaranty, executed by an acceptable guarantor in favor of Carrier, pursuant to which the guarantor guarantees to Carrier the prompt and full payment of the obligations of Shipper owing to Carrier pursuant to this tariff. Any such guarantor shall be a corporation, company, partnership or other legal entity whose credit-worthiness is reasonably satisfactory to Carrier.
- C. If Shipper provides Carrier with a letter of credit ("**Outstanding Letter of Credit**") pursuant to this Item No. 14, Shipper shall, at least thirty (30) days prior to the expiry date of such Outstanding Letter of Credit, renew or replace such Outstanding Letter of Credit on identical terms; provided that the expiry date of such renewed or replaced letter of credit shall be for the minimum period of time required by Carrier, in its discretion, but in no event less than one (1) year from the date of the renewal or issuance of such renewed or replaced letter of credit. If any Outstanding Letter of Credit is not renewed or replaced at least thirty (30) days prior to the expiry date thereof as required by the preceding sentence, then the Carrier shall have the right to draw the stated amount of such letter of credit and retain the proceeds thereof as payment security on the same terms as set forth in this tariff.

- D. If 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 Product 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 to Carrier, in a form and substance reasonably satisfactory to Carrier, 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 Product by Carrier.
- E. Any financial assurances received by Carrier in accordance with Item No. 14(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 such a determination by Carrier, the financial assurance provided in accordance with Item No. 14(B)(i) shall be returned to such Shipper or prospective shipper.
- F. If Shipper fails to comply with any obligation in this Item No. 14 on or before the due date provided herein, Carrier shall not be obligated to provide Shipper with access to the System or to provide transportation services to Shipper pursuant to this tariff until such requirement is fully met.

Item No. 15. CLAIMS, SUITS AND TIME FOR FILING

- A. Notice of claims for loss or damage must be made in writing to Carrier within nine (9) Months after delivery of the Product, or in the case of a failure to make delivery, then within nine (9) Months after delivery of the Product to Carrier for shipment.
- B. Suit against Carrier shall be instituted only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice.
- C. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier shall not be liable therefore.

Item No. 16. PRORATION OF PIPELINE CAPACITY

- A. *When capacity will be prorated.* Carrier will prorate the Available Capacity of its System during any Month when it receives more Nominations for transportation of Product than Carrier is able to transport.
- B. *Division of capacity between Shipper classes.* Except as provided in Paragraphs E and G of this Item No. 16, Available Capacity shall be divided in a Proration Month between New Shippers as a class and Regular Shippers as a class.

C. ***Allocation to New Shippers.***

- i. Availability of Capacity to New Shippers. Not more than ten (10) percent of the Available Capacity shall be made available to New Shippers in the Proration Month.
- ii. Allocation to each New Shipper. Each New Shipper shall be allocated an amount of capacity in the Proration Month that is equal to:
 - a. its Nomination, if the total volume Nominated by all New Shippers is less than or equal to ten (10) percent of the Available Capacity; or
 - b. its pro rata share, in accordance with its Nomination, of ten (10) percent of the Available Capacity, if the total volume Nominated by all New Shippers is greater than ten (10) percent of Available Capacity.

D. ***Allocation to Regular Shippers.***

- i. Availability of capacity to Regular Shippers. After the allocation of capacity to New Shippers pursuant to Paragraph (C) of this Item No. 16, all remaining Available Capacity shall be available to Regular Shippers that have Nominated volumes for the Proration Month.
- ii. Allocation to each Regular Shipper. Each Regular Shipper shall be allocated an amount of capacity during the Proration Month that is equal to the lesser of:
 - a. the number of Barrels shipped by the Regular Shipper on Carrier's System during the Base Period, divided by the total number of Barrels shipped by all Regular Shippers during the Base Period, which resulting percentage shall be multiplied by the Available Capacity for Regular Shippers; or
 - b. its Nomination.

E. ***Remaining capacity.*** Any remaining capacity not allocated through the application of Paragraphs C and D of this Item No. 16 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 Paragraphs (C) and (D) (for the avoidance of doubt notwithstanding the percentage caps set forth in Paragraph (C) above). If allocation to any shipper pursuant to this Paragraph (E) results in an allocation exceeding such shipper's Nomination, then the excess volume will be allocated among all shippers having unmet Nominations (for the avoidance of doubt notwithstanding the percentage caps set forth in Paragraph (C) above) until the remaining Available Capacity is fully allocated or all the remaining Nominations have been fulfilled.

F. ***Basis for allocation: notification.*** When prorationing of the capacity of Carrier's System or portion thereof is in effect –

- i. Carrier's available capacity shall be allocated among eligible Shippers on a Monthly basis; and
 - ii. Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of capacity of the amount of its allocation not later than the first working day of the Proration Month.
- G. ***Reallocation of unused allocated capacity.*** If, during a Proration Month, a Shipper fails to use all of its allocated capacity, such unused capacity shall be available to other Shippers, as follows:
 - i. Unused allocated capacity resulting from a Regular Shipper's failure to use all of its allocated capacity shall be reallocated among other Regular Shippers in accordance with the rules in Paragraph D of this Item No. 16.
 - ii. Unused allocated capacity resulting from a New Shipper's failure to use all of its allocated capacity shall be reallocated among other New Shippers in accordance with the rules in Paragraph C of this Item No. 16.
- H. ***Failure of Shippers to use allocated capacity.***
 - i. Except as provided in subparagraph (ii) of this Paragraph H, a Shipper that fails to use all of its allocated capacity during a Proration Month shall have its allocation of capacity reduced in each subsequent Proration Month until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated capacity and shall be reallocated among other Shippers in accordance with the rules in Paragraph E of this Item No. 16.
 - ii. Reduction of a Shipper's allocation for failure to use its allocated capacity during a prior Proration Month will be waived, in whole or in part, if Carrier determines, in its discretion, that the Shipper's failure to use all or some of its allocated capacity was due to factors beyond the Shipper's reasonable control.
- I. ***Transfer of prorated capacity; Use of Affiliates.*** Except as provided in this Paragraph I, prorated volumes allocated to a Shipper may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. However, a Shipper's allocation 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. A Shipper may not use an Affiliate or otherwise cooperating entity to obtain an increased allocation of prorated capacity.

Item No. 17. LIABILITY OF CARRIER

- A. Carrier shall not be liable for, and Shipper hereby waives any claims against Carrier for, any loss or damage to Products prior to the delivery of Products at the Receipt Points and after delivery of Products at the Delivery Points. Additionally, Carrier shall not be liable to Shipper, and Shipper hereby waives any claims against Carrier for, any delay in delivery, damage thereto, or for any loss of Product caused by an act of God, the public enemy, the public authority, the inherent vice or nature of the goods, an event of Force Majeure, an act of Shipper himself, or resulting from any other cause not due to the gross

negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss or damage shall be apportioned by Carrier to each shipment of Product or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Product in the loss, and each Shipper (or Consignee) shall be entitled to receive only that portion of its shipment remaining after deducting his proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shipper and/or Consignee showing the apportionment of any such loss.

- B. Carrier will not be liable for discoloration, contamination, or deterioration of Product transported unless such discoloration, contamination, or deterioration of Product transported results from the gross negligence of Carrier.
- C. Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Product transported or stored hereunder, and Carrier expressly disclaims any liability for any expressed or implied warranty for Product transported or stored hereunder including any warranties of merchantability or fitness for intended use.

Item No. 18. COMPONENT BALANCING

Shipper shall be responsible for bringing into balance on a Monthly basis any accumulated component volume differences resulting from the receipt, transportation and delivery of commingled Product.

Item No. 19. LINEFILL REQUIREMENTS

- A. Carrier shall require Shipper to supply, and Shipper shall supply, a pro rata share of Product for linefill and inventory necessary for efficient operation of Carrier's System.
- B. Carrier shall revise its linefill apportionment every calendar quarter based on the volume shipped during such calendar quarter, and provide notice of such quarterly apportionment to each Shipper. If the pro rata share of Product to be provided by Shipper for this purpose changes after Carrier's quarterly reallocation, Shipper shall promptly be required to provide the difference of Product to Carrier or Carrier shall promptly redeliver the difference of Product to Shippers, as applicable.
- C. Subject to the provisions of Item No. 13 (Payment of Carrier Charges), Product furnished to Carrier pursuant to this Item No. 19 shall be returned to Shipper after: (i) Shipper has provided written notice to Carrier of Shipper's intent to cease shipping, and (ii) a reasonable period of time has elapsed to allow for administrative and operational requirements associated with the withdrawal of such Product. Such notice shall be provided to the Compiler at the above-noted address.

Item No. 20. PIPEAGE CONTRACTS

Separate agreements in accord with this tariff, and these regulations covering further details, may be required by Carrier before any duty for transportation shall arise.

Item No. 21. APPLICATION OF RATES TO INTERMEDIATE POINTS

Product accepted for transportation from or to any point on Carrier's System not named in this tariff, but which is intermediate to a point where rates are published, will be assessed the rate in effect from or to the

next more distant point published in this tariff. Continuous use of intermediate point rate application under this Item No. 21 for more than thirty (30) days requires establishment of a rate for the transportation service.

Item No. 22. CONNECTION POLICY

Carrier is not currently accepting new connections to Carrier's System, to the extent permitted by applicable Law. To the extent Carrier determines in the future that it may accept new connections, connection requests should be made by formal written application to Carrier. All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of Carrier's System in accordance with generally accepted industry standards. Acceptance of any request for connection will be within the discretion of Carrier and will be subject to compliance with governmental regulations.

Item No. 23. CHARGE FOR FUND COMPENSATION:

In addition to all other charges to Shipper accruing on Products accepted for transportation, a per Barrel charge will be assessed and collected by Carrier in the amount of any tax, fee, or other charge levied against Carrier in connection with such Product 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 Carrier is acting as a collecting agent. Such charge will be included in the appropriate tariff filed with the F.E.R.C.

Item No. 24. TRANSFERS WITHIN SYSTEM:

Line transfers or ownership transfers of Product in the custody of Carrier within its System from one Shipper (transferor) to another Shipper (transferee) will be permitted provided:

- F. Each transferor will be charged [U] one-half cent ($1/2\phi$) per gallon for each line transfer or ownership transfer of Product in custody of Carrier within its System.
- G. All intrasystem transfer requests to Carrier must be made in accordance with this tariff. Both transferor and transferee shall provide written notice to Carrier containing like data relative to the kind, quantity, source, location, transferor and transferee of the Product and the Month during which transfer is to occur. Verbal transfer requests will be recognized provided written confirmation is received by the first day of the Month during which ownership transfer is requested.
- H. Any party involved in an intrasystem transfer hereunder shall be subject to any and all applicable provisions or requirements contained in this tariff.

Item No. 24. CARRIER DISCRETION:

Carrier will operate its System and implement the rules and regulations contained in this tariff, including those provisions providing for Carrier's discretion, in a manner that is not unduly discriminatory or unduly preferential.

**SECTION II
RATES APPLICABLE TO TRANSPORTATION OF PRODUCT**

Receipt Point	Delivery Point	Volume Tier* (Volumes stated in barrels per day)	Rate** (Rates stated in cents per gallon)
50 Buttes Processing Plant, Campbell County, Wyoming	Phillips 66 Powder River Pipeline, Converse County, Wyoming	< 2,499	[I] <u>\$0.1027</u>
		2,500-4,999	[I] <u>\$0.0822</u>
		5,000-8,000	[I] <u>\$0.0744</u>
		8,001+	[I] <u>\$0.0309</u>

* Volumes are calculated as the Monthly average daily volume delivered by all Shippers on the System to the Receipt Point and not based on deliveries by any particular Shipper. All Shippers will receive a proportionate share of all applicable rates each Month. Thus, even though a Shipper delivers less than the first volume tier, if the Monthly average daily volume exceeds the first volume tier, more than one rate tier would still apply to such Shipper in such Month.

** The rates per gallon in the above table apply to the portion of the Monthly average daily volume delivered at the Receipt Point that falls within the applicable volume and rate tier; thus one or more rate tiers may apply each Month.

EXPLANATION OF REFERENCE MARKS:

- [I]** Increase.
- [U]** Unchanged rate.