

FERC ICA Oil Tariff

**F.E.R.C. No. 1.0.0
Adopts F.E.R.C. No. 1.0.1*
(*NST Express, LLC)**

**[N] ADOPTION NOTICE
[W] ~~NST EXPRESS, LLC~~ ALEXANDER
CONNECTOR, LLC**

LOCAL PIPELINE TARIFF

CONTAINING

RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION AND HANDLING OF

CRUDE PETROLEUM

BY PIPELINE

Carrier will accept and transport Crude Petroleum offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff.

This Tariff shall apply only to those tariffs, which specifically incorporate this Tariff by reference; such reference includes supplements to this Tariff and successive issues thereof.

The matters published herein, if effective, will have no adverse effect on the quality of the human environment.

[N] Filed under the authority of 18 CFR 341.6 (Adoption of tariff by a successor). Effective April 1, 2023, Alexander Connector, LLC adopted the crude petroleum tariffs of NST Express, LLC. This tariff adopts and brings forward unchanged, except as noted herein, the rules and regulations of NST Express, LLC's F.E.R.C. No. 1.0.1.

[N] Issued on less than one days notice under authority of 18 CFR 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

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Item No. 5. DEFINITIONS

As used in this tariff, the following terms have the following meanings:

“**ACT Units**” means automatic custody transfer units, as described in Item No. 55(a).

[N] “**Alexander Connector Pipeline**” means the interstate crude oil pipeline owned and operated by Carrier extending from points in or near Carrier’s storage facility in Alexander, North Dakota to the East Fairview Terminal, and all assets relating thereto, as a whole, consisting in total of various diameter pipe, pump stations, pressure control/reduction stations, metering, and all related rights-of-way and easements.

[W] †“**API**” means the American Petroleum Institute.

[W] ‡“**ASTM**” means the American Society for Testing and Materials.

[W] ‡“**Available Capacity**” means the total Monthly capacity available (Barrels per Month) of the Pipeline.

[W] 4“**Average Monthly Volume**” means the average of a Regular Shipper’s monthly volumes of Crude Petroleum transported during the Base Period, including any months for which no movements occurred.

[W] 5“**Barrel**” means forty-two (42) United States gallons at sixty (60) degrees Fahrenheit under one (1) atmosphere of pressure.

[W] 6“**Base Period**” means the twelve-Month period beginning thirteen (13) Months prior to the Proration Month and excluding the Month preceding the Proration Month.

[W] 7“**Base Price**” means the Posting Price for the Month of delivery.

“**Carrier**” means [W] ~~NST Express, LLC~~ Alexander Connector, LLC.

“**Committed Shipper**” means a Shipper who has entered into a TSA with Carrier and thereby agreed to tender to Carrier, or nevertheless pay for, certain committed volumes in accordance with the terms and conditions of this tariff and the TSA.

“**Consignee**” means and refers to the party having ownership of Crude Petroleum transferred to them at a Delivery Point.

[W] 8“**Crude Petroleum**” means crude oil meeting the quality specifications set forth in Item No. 25 or otherwise acceptable to Carrier.

[W] 9“**Day**” means a period of twenty-four (24) consecutive hours commencing 12:00 A.M. Mountain Standard Time.

[W] †0“**Delivery Point**” means a location on the [W] ~~NST Express~~ Alexander Connector Pipeline where the Carrier has established facilities to deliver Crude Petroleum from the Carrier’s pipeline.

[W] ††“**East Fairview Terminal**” means Carrier’s crude oil storage tanks at its East Fairview, North Dakota terminal.

[W] 12“**FERC**” means the U.S. Federal Energy Regulatory Commission and any lawful successor governmental agency having jurisdiction over the regulation of rates for the interstate shipment of Crude Petroleum via common carrier pipelines.

[W] 13“**FERC Rate Tariff**” means Carrier’s rate tariff for shipping Crude Petroleum on any part of Carrier’s system on file and in effect with the FERC, as such rate tariff may be amended or supplemented by Carrier from time-to-time.

[W] 14“**In-Kind Settlement**” means the physical delivery of Crude Petroleum to settle any Transportation Imbalance.

~~[C] 15“**NST Express Pipeline**” means the interstate crude oil pipeline owned and operated by Carrier extending from points in or near Carrier’s storage facility in Alexander, North Dakota to the East Fairview Terminal, and all assets relating thereto, as a whole, consisting in total of various diameter pipe, pump stations, pressure control/reduction stations, metering, and all related rights of way and easements.~~

[W] 16 “**LACT Units**” means lease automatic custody transfer units, as described in Item No. 55(b).

[W] 17“**Month**” means a calendar month, extending from 12:00 A.M. Mountain Standard Time on the first Day of such calendar month until 11:59 P.M. Mountain Standard Time on the last Day of such calendar month.

[W] 18“**Negative Imbalance**” means a Transportation Imbalance whereby the aggregate number of Barrels of Crude Petroleum tendered for delivery by Shipper or its agent to Carrier for such Month as determined and calculated by Carrier is less than the number of Barrels specified in the Shipper’s Shipment Schedule for such Month.

[W] 19“**New Shipper**” means any Shipper that is not a Regular Shipper.

[W] 20“**Nomination**” means a Shipper’s binding tender to Carrier in writing of a specified quantity of Crude Petroleum for transportation by Carrier in the next Month.

[W] 21“**Pipeline**” means Carrier’s system or any part thereof for which a rate is established under the FERC Rate Tariff.

[W] 22“**Positive Imbalance**” means a Transportation Imbalance whereby the aggregate number of Barrels of Crude Petroleum tendered for delivery by Shipper or its agent to Carrier for such Month as determined and calculated by Carrier is greater than the number of Barrels specified in the Shipper’s Shipment Schedule for such Month.

[W] 23“**Posting Price**” means the average of the daily high and low prices of CMA NYMEX as published in Argus Americas Crude Report during the Month of Delivery, minus \$2 per Barrel.

[W] 24“**Proration Month**” means any Month for which Available Capacity is to be pro-rated.

“**Receiving Point**” means a location on the [W] ~~NST Express~~ Alexander Connector Pipeline where the Carrier has established facilities to receive Crude Petroleum into Carrier’s pipeline.

[W] 25“**Regular Shipper**” means a Shipper that has shipments in at least six (6) months in the Base Period.

“**Setoff**” means set off, offset, recoupment, combination of accounts, deduction, retention, counterclaim, or withholding across or within each or all of this tariff or the contracts entered into in connection with this tariff.

“**Shipment Schedule**” means Shipper’s written notice to Carrier stating the nominations and quantity of volumes of Crude Petroleum it expects to tender at each Pipeline Receiving Point during the following Month and the Delivery Point and the Consignee for all deliveries associated with each tender.

[W] 26 “**Shipper**” as herein used means a party who contracts with Carrier for the transportation of Crude Petroleum subject to and in accordance with these rules and regulations and subject to the rate provided in the applicable FERC Rate Tariff.

[W] 27 “**Transportation Imbalance**” means with respect to any Month the variance or differential (stated in Barrels) between (a) the aggregate number of Barrels of Crude Petroleum tendered for delivery by Shipper or its agent to Carrier for such Month as determined and calculated by Carrier and (b) the number of Barrels specified in the Shipment Schedule for such Month.

[W] 28 “**Truck LACT Units**” means truck lease automatic custody transfer units, as described in Item No. 55(b).

[W] 29 “**TSA**” means a Transportation Services Agreement executed by Carrier and a Shipper.

[W] 30 “**Uncommitted Shipper**” means a Shipper who has not entered into a TSA with Carrier.

Item No. 10. COMMODITY

- (a) Carrier is engaged in the transportation of Crude Petroleum specified and described in Item No. 25 and therefore will not accept any other commodities for transportation. No Crude Petroleum will be received for transportation except good merchantable Crude Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other Shippers. Shipper warrants to Carrier that any Crude Petroleum tendered to Carrier conforms to the specifications contained in this tariff and are merchantable.

Item No. 15. ORIGIN AND DESTINATION FACILITIES

- (a) Subject to the further provisions of this tariff, the Carrier will accept Crude Petroleum for transportation:
 - (i) at a Receiving Point;
 - (ii) when the Crude Petroleum has been specified to be delivered to one or more Delivery Points;
 - (iii) when the party taking delivery of the Crude Petroleum has been specified in writing to the Carrier; and
 - (iv) when Shipper or Consignee has certified in writing that arrangements have been made for Shipper to take delivery of the Crude Petroleum at the destination.

- (b) This tariff does not provide for any storage or other tankage facilities at Receiving Points or Delivery Points other than those required for the immediate operation of Carrier's transportation facilities. Shippers or Consignees intending to store Crude Petroleum prior to or after Carrier's transportation service must provide adequate equipment and facilities to do so.
- (c) The Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory evidence is furnished that the Shipper or Consignee has made arrangements for the necessary facilities for the safe, efficient and prompt transfer of Crude Petroleum to Carrier at origination points at sufficient pressure and flow rates to effectuate the efficient operation of Carrier's system and sufficient destination facilities for the safe, efficient and prompt receipt of Crude Petroleum from Carrier once the Crude Petroleum arrives at its destination at sufficient pressures and flow rates as to not impede efficient transportation on Carrier's system. The cost of such facilities shall be provided at the sole cost of Shipper seeking access to Carrier's System.
- (d) Carrier shall not be responsible for Crude Petroleum that cannot be delivered as specified by the Shipper due to any regulatory intervention.
- (e) In the event Shipper, or its Consignee, fails to provide or arrange for storage facilities at the Delivery Point for timely receipt for Crude Petroleum, Carrier shall have the right, on 24-hours' notice to Shipper and to the public, to make whatever arrangements for disposition of the Crude Petroleum as is deemed appropriate to clear the Carrier's facilities, including the right of private sale for the best price reasonably obtainable. The Carrier or its affiliates may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and other applicable lawful charges and necessary expenses of the sale and any expenses related to the storing and maintaining of the Crude Petroleum until it is disposed of and the balance shall be held for whosoever may be lawfully entitled thereto.

Item No. 20. DEMURRAGE CHARGES

- (a) In order to provide space for succeeding shipments in Carrier's facilities or to otherwise prevent or relieve congestion at Delivery Points, if a Shipper or its Consignee fails within the Day of delivery to accept the receipt for Crude Petroleum at the Delivery Point, and Carrier does not dispose of such Crude Petroleum pursuant to [W] ~~item~~ Item No. 15(e), the Carrier may impose a demurrage penalty on the Shipper equivalent to the Carrier's lost revenue while the Pipeline is shut down plus twenty-five cents (\$.25) per Barrel until such Crude Petroleum is removed or otherwise disposed from the Carrier's facilities. Demurrage charges shall be calculated by dividing the total number of hours the Pipeline is shut down by twenty-four (24) hours and multiplying that figure by the Pipeline's capacity and the posted uncommitted tariff rate for a Barrel of Crude Petroleum. Demurrage charges shall be payable upon presentation of an invoice by the Carrier. This penalty shall be assessed in addition to the Carrier's right to recover its costs or engage in any additional remedies available to dispose of the stranded Crude Petroleum.

Item No. 25. SPECIFICATIONS AS TO QUALITY

- (a) Crude Petroleum shall be accepted for transportation only when such Crude Petroleum meets all required specifications as uniformly established by Carrier. All of the required specifications for Crude Petroleum shall be issued from time to time in the manner and to the extent appropriate to facilitate the efficient and economical use and operation of the Carrier's facilities and to reasonably accommodate Shipper's needs for transportation.
- (b) Shipper shall only deliver to Carrier Crude Petroleum that on receipt meets the following specifications:

Gravity	API Gravity of 39-46
Maximum Reid Vapor Pressure	13.7 @ 100 degrees Fahrenheit or as set by applicable North Dakota regulations
Hydrogen Sulfide	Maximum 10 ppm
Maximum Impurities, including Sediment and Water	Not to exceed 0.5%
Maximum Sulfur Content by weight	0.2%
Temperature	Not to exceed 120 degrees Fahrenheit

- (c) No Crude Petroleum will be accepted unless its gravity, viscosity, and other characteristics are such that it will be readily susceptible to transportation through Carrier's facilities, and it will not materially and adversely affect the quality of Crude Petroleum from other Shippers or cause disadvantage to other Shippers or Carrier.
- (d) Changes to the Carrier's Crude Petroleum specification may be issued or reissued from time to time in the manner and to the extent appropriate to facilitate the efficient and economical use and operation of the Carrier's facilities.
- (e) Shipper shall perform, at its sole expense, all applicable tests to ensure that the Crude Petroleum it tenders to Carrier conforms to the specifications set forth in this tariff, and supplements hereof. The Carrier, or its designated representative, has the right to be present during the Shipper's sampling and testing procedures. Carrier reserves the right to obtain copies of all quality tests performed by the Shipper prior to accepting the Shipper's Crude Petroleum for transportation. Carrier may require Shipper to furnish a certificate setting forth in detail the specification 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 Carrier's custody or to Carrier's pipeline or other facilities caused by failure of the Crude Petroleum tendered to meet the specifications stated in Shipper's certification. If the Shipper fails to provide the Carrier with its quality tests in advance of shipment, Carrier reserves the right to reject or terminate any transportation of Shipper's Crude Petroleum. Carrier 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 Carrier's test,

Carrier's test result shall prevail and be used to determine whether the shipment meets Carrier's specifications.

- (f) The specifications set forth herein shall apply to each Barrel of the Shipper's tender and shall not be limited to the composite sample of the tender. Carrier may reject any Crude Petroleum not meeting the quality specifications identified above, provided that Carrier acts in a nondiscriminatory manner.
- (g) Should spot samples, analyses, or any other test (including tests performed by Carrier) indicate that the Crude Petroleum tendered or to be tendered does not meet the specifications required by Carrier, Shipper agrees to immediately stop delivery of such off-specification Crude Petroleum to Carrier and immediately notify the Carrier of the off-specification condition. Shipments may not resume until such time as it is determined by additional testing that the Crude Petroleum meets the definition of Crude Petroleum issued by Carrier.
- (h) Costs associated with handling, distribution, and disposal of Crude Petroleum that enters the system that does not meet the product specifications shall be borne entirely by the Shipper that tenders the Crude Petroleum which does not meet the quality specification.
- (i) Carrier is not responsible for on-going monitoring of receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum tendered to Carrier. If, upon investigation, the Carrier determines that a Shipper does not comply with the specifications set forth in this tariff, as amended, then such Shipper will be excluded from further entry into the facilities until such time as quality specifications are met and such condition can be verified by the Carrier.
- (j) If a Shipper fails to comply with the specifications set forth in this tariff, as amended, then the Carrier shall have the right to remove and sell such Crude Petroleum in such lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs incurred by the Carrier with respect to the storage, removal and sale of such Crude Petroleum, as well as costs associate with contamination of inventory in the facilities that is not owned by Shipper. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.
- (k) Any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by Shipper introducing the contaminated Crude Petroleum into Carrier's System. Shipper liability includes, but is not limited to, costs the Carrier incurs to dispose of the contaminated Crude Petroleum, the economic loss of contaminated Crude Petroleum, claims from other Shippers, carriers, or users of the contaminated Crude Petroleum and the costs of any regulatory or judicial proceeding.
- (l) If Crude Petroleum received by Carrier does not meet the quality specifications set forth herein, Carrier reserves the right to charge the Shipper a penalty based on a one-hundred (100) cents per Barrel ("Off-Spec Penalty") charge for the volume of contaminated Crude Petroleum tendered by Shipper. The total penalty will be assessed by multiplying the Off-Spec Penalty by the total volume of Shipper's Crude Petroleum (in Barrels) received by Carrier during the shipment

when Carrier received the contaminated Crude Petroleum. The assessment of this charge or penalty is in addition to any additional costs for which Shipper will be responsible as defined in this tariff item.

Item No. 30. MINIMUM SHIPMENT

- (a) Carrier shall not be obligated to accept a Shipper's Crude Petroleum if the volume of such Crude Petroleum is less than the minimum volume or if the receipt flow rate at which such Crude Petroleum is received by Carrier is less than or greater than the receipt flow rates specified from time to time by Carrier for each origin point.
- (b) A minimum shipment of 1,000 Barrels or more of Crude Petroleum, of the same required specifications, shall be accepted for transportation at one origin point from one Shipper.
- (c) Carrier shall not be obligated to transport Shipper's Crude Petroleum until such time as Carrier has accumulated a batch of at least 10,000 Barrels in its tanks.

Item No. 35. CHANGES IN QUALITY AND SEGREGATION

- (a) Crude Petroleum will be accepted for transportation only on condition that it shall be subject to normal changes in general characteristics in transit as may result from the mixture of such Crude Petroleum with other Crude Petroleum in the Pipeline and/or tanks of Carrier or connecting carrier. Carrier will not be liable for variations of gravity or quality of Crude Petroleum occurring while in its custody and is under no obligation to deliver the identical Crude Petroleum as received.
- (b) Shipper acknowledges that Shipper's Crude Petroleum may be commingled or intermixed with other Crude Petroleum in the same common stream while in transit. Carrier shall not be liable to Shipper for changes in quality or gravity of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit. Carrier is not obligated to deliver the identical Crude Petroleum nominated by Shipper; Carrier will deliver the grade of Crude Petroleum it is regularly transporting as a common stream. Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Petroleum shipments by Carrier within the same common stream.

Item No. 40. SCHEDULING OF SHIPMENTS

- (a) Unless otherwise indicated, Carrier will provide interstate transportation service using a common fungible stream of Crude Petroleum, as defined in Item No. 25 herein. Crude Petroleum will be accepted for transportation at such time as Carrier's facilities are available and Crude Petroleum of the same specifications are currently being transported from Receiving Point to Delivery Point. Carrier reserves the right to schedule its facilities and to modify those schedules from time to time in the manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of the Carrier's facilities and to reasonably accommodate the needs for transportation.

Item No. 45. EVIDENCE OF RECEIPTS AND DELIVERIES

- (a) Carrier shall evidence the receipt and delivery of Crude Petroleum by tickets showing the quantity received or delivered, temperature, gravity, sulfur content, sediment and water and any other data with respect to such Crude Petroleum as may be specified from time to time by Carrier. The Shipper or its designate shall be permitted to witness any custody transfer operation. Such tickets shall be signed by all parties witnessing the custody transfer and shall be deemed to be a true and accurate account of the transfer.

Item No. 50. TENDERS AND QUANTITIES

- (a) Shippers desiring to tender Crude Petroleum for transportation shall provide to the carrier a Shipment Schedule, no later than the fourteenth (14th) day of each Month, stating the nominations and quantity of volumes of Crude Petroleum it expects to tender each Pipeline Receiving Point during the following Month. Shipper must designate in its written nomination the quantity of Crude Petroleum to be delivered, the Delivery Point and the Consignee for all deliveries associated with each tender.
- (b) Shipper shall notify Carrier as promptly as practicable of any changes in the rate of delivery of Crude Petroleum at the applicable Receiving Point and take all reasonable actions necessary to avoid the incurrence of a Transportation Imbalance. Transportation Imbalances may be settled through either (i) an In-Kind Settlement or (ii) cash settlement.
- (c) Pursuant to any In-Kind Settlement of a Transportation Imbalance, incremental volumes of Crude Petroleum equaling such Transportation Imbalance shall be (i) in the case of a Positive Imbalance, delivered by Carrier to Shipper at the East Fairview Terminal and (ii) in the case of a Negative Imbalance, delivered by Shipper to Carrier at the applicable Pipeline Receiving Point. Such in-kind deliveries shall be ongoing and may take place over several Months.
- (d) The amount of any cash settlement for any Transportation Imbalance in any Month shall be based on the average Posting Price during such Month.

Item No. 55. MEASUREMENTS AND TESTING

- (a) All custody transfer measurements for Crude Petroleum delivered by pipeline shall be made at Receiving Points from ACT Units provided, operated and maintained by Carrier, unless Carrier shall be satisfied as to the accuracy of ACT Unit or LACT Unit measurements from another location and Carrier shall have agreed to accept such measurements, subject to Carrier's reasonable control, testing and verification procedures and requirements. No ACT unit shall be connected to any Receiving Point without Carrier's consent. The use of ACT Units does not affect title to Crude Petroleum and title will not transfer to Carrier at the ACT Units or elsewhere. Unless otherwise agreed in writing, custody shall transfer at the Receiving Point upon receipt of Crude Petroleum into Carrier's Pipeline or tanks.
- (b) All custody transfer measurements for Crude Petroleum delivered at the wellhead shall be made from LACT Units, and by truck shall be made from Truck LACT Units, provided, operated and maintained by Carrier. The use of LACT Units and

For explanation of abbreviations, notes and reference marks, see last page of tariff.

Truck LACT Units do not affect title to Crude Petroleum and title will not transfer to Carrier at the LACT Units or Truck LACT Units or elsewhere. Unless otherwise agreed in writing, custody shall transfer at the Receiving Point upon receipt of Crude Petroleum into Carrier's Pipeline.

- (c) All custody transfer measurements and tests shall be made in accordance with the latest applicable API or ASTM methods. Volume and gravity shall be adjusted to 15.56° C (60° F) by the use of Tables 6A and 5A of the Petroleum Measurement Tables ASTM Designation D1250 in their latest revision.
- (d) The Carrier has the right to inspect, test, prove or calibrate any measurement device used for custody transfer purposes, regardless of ownership, or to require the Shipper to perform and provide satisfactory evidence of any such tests it may have performed on its measurement equipment. The Carrier will perform routine monthly testing of all meters. The Shipper may request a meter test at any time during normal business hours at the sole cost of the Shipper, except that the Carrier will reimburse the Shipper for any test costs paid if the test reveals that the meter is inaccurate by more than 0.3 percent and requires recalibration.
- (e) Carrier and Shipper shall have the right to have a representative witness all gauges, tests, meter provings or measurements performed in connection with this tariff. Shipper or Consignee shall have the right of being present or represented during the testing, gauging or metering. Shipper must provide the Carrier with written notice of its desire to be notified of testing and measurement times. In the absence of either the Carrier's or Shipper's representative, such gauges, tests, and measurements shall be deemed to be correct absent manifest error.
- (f) Carrier shall account to each Shipper for all Crude Petroleum received. A full deduction will be made for all water and other impurities. Any overage or shortage not due to the negligence of Carrier, including without limitation, losses or gains resulting from shrinkage, evaporation, expansion or other Crude Petroleum losses or gains inherent in the operation of a pipeline system ("Pipeline Loss Allowance"), will be allocated on a monthly pass-through basis among the Shippers in the proportion that the total number of Barrels delivered from the Pipeline for each Shipper bears to the total number of Barrels delivered from the Pipeline for all Shippers.
- (g) The net balance, after applicable deductions defined above, and any loss as provided for in Item No. 75 (Liability of Parties), will be the quantity deliverable by Carrier and upon which transportation charges will be assessed.

Item No. 60. APPLICATION OF RATES

- (a) Carrier shall charge Shipper the applicable rate for the transportation of Crude Petroleum that is in effect on the date of receipt of such Crude Petroleum by Carrier.
- (b) All charges shall be paid by Shipper to Carrier monthly for the preceding Month by wire transfer within fifteen (15) Days of the invoice date.

Item No. 65. TITLE

- (a) Carrier shall have the right to reject any Crude Petroleum, when tendered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind (other than the lien created hereunder in favor of Carrier), and it may require the Shipper to provide evidence of its perfect and unencumbered title or satisfactory indemnity bond to protect Carrier.
- (b) At the time of Nomination, Shipper shall inform Carrier if any Crude Petroleum Nominated and/or to be Tendered to Carrier 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 Carrier) (“Encumbered Crude Petroleum”). In the event Carrier receives such Shipper notice of Encumbered Crude Petroleum or otherwise learns that Shipper has or will Nominate or Tender Encumbered Crude Petroleum, Carrier may require Shipper to provide a satisfactory indemnity bond, prepayment of transportation charges, or a subordination agreement from the applicable lien holder, all to be determined in Carrier’s sole discretion. Shipper agrees to hold Carrier 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 Carrier as to title.
- (c) By tendering Crude Petroleum, the Shipper warrants and guarantees that the Shipper has good title thereto and agrees to hold Carrier harmless of 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 the Carrier as to title.

Item No. 70. PRO-RATIONING

- (a) When there shall be tendered to Carrier for transportation greater quantities than can be immediately transported, the Carrier shall allocate capacity during a Proration Month between Committed Shippers as a class and Uncommitted Shippers as a class on a Monthly basis. Carrier 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.

Committed Shippers

- (b) Except during events of Force Majeure, each Committed Shipper will be allocated an amount of capacity equal to its Monthly Minimum Volume Commitment, as that term is defined in the Committed Shipper’s TSA. Any volumes Tendered by a Committed Shipper in excess of its Monthly Minimum Volume Commitment shall be subject to proration under Item No. 70(d) below. In the event capacity is reduced on Carrier’s system due to an event of Force Majeure, as that term is defined in the Committed Shipper’s TSA, then the allocation to each Committed Shipper shall be reduced by the same percentage as the reduction in capacity to Carrier’s system that is caused by the event.

Uncommitted Shippers.

- (c) Up to ten percent (10%) of the available capacity on Carrier’s system for the Proration Month 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 tender for the Proration Month.

- (d) Any remaining capacity not allocated through the application of Item Nos. 70(b) and 70(c) shall be allocated among all Shippers having remaining unmet tenders, in proportion to each such Shipper's initial capacity allocation resulting from the application of Item Nos. 70(b) and 70(c). If allocation to any Shipper pursuant to this Item exceeds such Shipper's remaining tender, then the excess volume will be allocated among all other Shippers having unmet tenders until the remaining capacity is fully allocated or all of the remaining tenders have been fulfilled.
- (e) If Carrier 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.
- (f) 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 Carrier under this Item ("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 Carrier at that time, charges under this paragraph shall be without duplication of amounts due under the TSA.
- (g) Capacity allocated to a Shipper under this Item may not be sold, bartered, 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.

Item No. 75. LIABILITIES OF PARTIES

- (a) As a condition to Carrier's acceptance of Crude Petroleum under this tariff, each Shipper agrees to protect and indemnify Carrier against claims or actions for injury and/or death of any and all persons whomever and for damage to property of, or any other loss sustained by Carrier, Shipper, Consignee and/or any third party resulting from or arising out of (i) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and/or (ii) the negligent act(s) or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with delivery or receipt of Crude Petroleum.
- (b) Carrier, while in possession of Crude Petroleum herein described, shall not be liable for any loss of Crude Petroleum; damage thereto; or delay because of any act of God, strikes, lockouts or other industrial disturbances, wars, riots, terrorism, cyber-attacks, fires, floods, storms, orders of courts or Governmental Authorities, explosions, terrorist acts, breakage, accident to machinery, tanks or lines of pipe and inability to obtain or unavoidable delays in obtaining material or equipment and similar events, or from any other causes not due to the primary

negligence of Carrier and neither shall Carrier be liable to Shipper, nor shall Shipper be liable to Carrier, for consequential, incidental or exemplary damages to the other party. In case of loss or damage from causes other than the primary negligence of Carrier, such loss or damage shall be charged proportionately to each shipment in the ratio that such shipment, or portion thereof, then in custody of Carrier for shipment via the lines or other facilities in which the loss or damage occur. Consignee shall be entitled to receive only that portion of a Shipper's shipment remaining after deducting its proportion of such loss or damage, determined as aforesaid, and shall be required to pay transportation charges only on the quantity delivered.

Item No. 80. WORKING INVENTORY REQUIREMENTS

- (a) In the event the Carrier determines that it does not possess sufficient working inventory to facilitate efficient operations, Carrier may require Shippers to provide and maintain a minimum inventory balance of Crude Petroleum in the Carrier's system. The minimum inventory balance for each Shipper will be computed based on the proportion of the Shipper's shipments relative to the minimum inventory requirements for the facilities in question.
- (b) The Carrier may update the minimum inventory requirements as shipment levels or patterns change over time. Shipper will have until midnight on the seventh Day after the date of notice to deliver sufficient inventory into the Carrier's facilities to meet their minimum inventory obligations. Shippers failing to meet the minimum inventory requirements will have their deliveries suspended until such time that they are able to meet their minimum inventory obligation.
- (c) If a Shipper desires to terminate its use of the Carrier's system, the Shipper must provide seven (7) Days' written notice to the Carrier specifying the date on which its movements will terminate. Subject to the provisions of Item No. 120 (Payment of Transportation and Other Charges), Crude Petroleum furnished to Carrier pursuant to this Item shall be returned to Shipper only after: (i) the Shipper has paid for all services it has received from the Carrier [N], and (ii) a reasonable period of time has occurred to allow for administrative and operational requirements associated with the withdrawal of such Crude Petroleum. The Carrier may require the Shipper to prepay any transportation charges or other fees associated with the delivery of the Shipper's minimum inventory prior to any such delivery.
- (d) If the Shipper resumes shipping on the Carrier during the subsequent twelve Month period, it will be required to provide working inventory based on the last minimum inventory level established by the Carrier before any deliveries will be made. In addition, any allocation of prorated capacity will be computed as if the Shipper was an active shipper with zero transported volumes during the Months of inactivity.

Item No. 85. NOTICE OF CLAIMS

- (a) As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) Months after delivery of Crude Petroleum, or in case of failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. All such claims must be submitted in writing, delivered to Carrier

representative listed on the title page of the tariff within the specified time frame, and must clearly identify on the exterior of the envelope that it contains a “Shipper Tariff Claim”. Any suits shall be instituted against Carrier 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.

- (b) Claims or suits for delay, damage to, loss of or liability with respect to Crude Petroleum not filed or instituted in accordance with the foregoing provisions will be deemed to have been waived and released by the applicable Shipper or inventory owner, will not be paid, and Carrier will not be liable.

Item No. 90. CONNECTION POLICY

- (a) Carrier is only required to consider connections to Carrier’s System that are made by formal written application to Carrier in accordance with Carrier’s connection policy. 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 sole discretion of Carrier and will be subject to compliance with governmental regulations. The cost of such facilities shall be the responsibility of the Shipper seeking access to Carrier’s System.

Item No. 95. ADDITIVES

- (a) Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agent, or other such additives in Crude Petroleum to be transported. Shipper shall be responsible for the cost of such additives on a pro rata basis according to the Shippers’ shipment history.

Item No. 100. PIPEAGE OR OTHER CONTRACTS

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

Item No. 105. CHARGES FOR SPILL COMPENSATION ACTS AND REGULATIONS

- (a) In addition to the transportation charges and all other charges accruing on Crude Petroleum accepted for transportation, subject to the appropriate tariff filing, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such Crude Petroleum pursuant to any Federal, State, or Local regulation which levies a tax, fee, or other charge on the receipt, delivery, transfer, or transportation of such Crude Petroleum within their jurisdiction or the purpose of creating a fund for the prevention, containment, clean-up, and/or removal of spills and/or reimbursement of persons sustaining such costs or losses there from.

Item No. 110. DUTY OF CARRIER

- (a) The Carrier shall transport and deliver Crude Petroleum with reasonable diligence.

- (b) In the event of non-delivery, the Carrier shall have the right to satisfy any claim by either Crude Petroleum replacement or cash payment at the Posting Price.

Item No. 115. TAX REGISTRATION

- (a) To the extent the Carrier deems it necessary, Shippers and Consignees shall be required to provide proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies, or assessments. Failure of the Shipper and Consignee to do so shall not relieve the Shipper or Consignee from the obligation to pay any such tax, levy, or assessment. Any tax, levy, assessment, or other charge imposed by such authority against Carrier as the result of such failure shall be collected by Carrier under the provisions of Item No. 120.

Item No. 120. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

- (a) The transportation and all other applicable lawful charges accruing on Crude Petroleum accepted for transportation shall be paid by Shipper to Carrier monthly for the preceding Month by wire transfer within fifteen (15) Days of the invoice date.
- (b) If required by Carrier, Shipper shall either prepay all such charges or furnish security for payment, in the form of a letter of credit or guarantee from a creditworthy party, reasonably satisfactory to Carrier. Crude Petroleum accepted for transportation shall be subject to a carrier's lien, as provided by North Dakota Code § 41-07-23 for all applicable, lawful charges.
- (c) If such charges are not paid by the due date stated on the invoice, the balance due on the entire past due balance (including principal and accumulated but unpaid finance charges) shall bear interest from that due date until paid in full at the rate equal to the lesser of 125% of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum rate allowed by law.
- (d) In addition to all other liens, statutory or otherwise, to which Carrier is entitled and unless the following grant is expressly prohibited by the terms of one or more security agreements or credit agreements creating prior, perfected security interests in the hereinafter-defined Collateral, Shipper hereby grants to Carrier a first priority, continuous and continuing security interest in all of the following, whether now or hereafter existing or acquired, as collateral for the prompt and complete payment and performance of Shipper's Obligations (as defined below):
 - (a) All Crude Petroleum accepted by Carrier for transportation;
 - (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents;
 - (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and
 - (d) all Crude Petroleum and proceeds of any of the foregoing property in any form. The property described or referred to in subsections (a) through (c) above is collectively referred to as the "Collateral." This grant secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, ancillary and other lawful charges arising under or related to this tariff or the contracts entered into in connection

with this tariff; (b) the repayment of any amounts that Carrier may advance or spend for the maintenance, storage or preservation of the Collateral; (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and (d) all other amounts now or in the future owed by Shipper to Carrier, whether or not of the same kind or class as the other obligations owed by Shipper to Carrier. Shipper authorizes Carrier to file such financing statements or other documents necessary to perfect and maintain the security interest herein granted.

- (e) Upon a default by the Shipper under this tariff or the contracts entered into in connection with this tariff, Carrier shall not be obligated to provide Shipper access to Carrier's Pipeline or provide services pursuant to this tariff or the contracts entered into in connection with this tariff until such time as payment is received by Carrier. In addition, Carrier may, without further notice, Setoff (a) any amounts owed by Carrier to the Shipper under any other agreements, instruments or undertakings between the Shipper and Carrier against (b) any amounts owed by the Shipper to Carrier under any other agreements, instruments or undertakings between the Shipper and Carrier. Carrier shall give the Shipper notice of any Setoff pursuant to this paragraph, as soon as practicable thereafter, provided that failure to give such notice shall not affect the validity of the Setoff.
- (f) If Shipper fails to pay an invoice by the due date, and if Shipper has not remedied the failure fifteen (15) 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, directly or through an agent, to sell the Crude Petroleum that has been withheld from delivery on any day that is not a U.S. federal bank holiday, on such terms and conditions as Carrier may determine in its sole good faith discretion and in accordance with applicable law. From the proceeds of said sale, Carrier will pay itself the transportation and all other lawful charges, including expenses incident to said sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto. If Shipper does not own the Crude Petroleum, Carrier shall have the right to suspend service until such amount is paid.
- (g) If Shipper in good faith disputes the amount of all or any portion of such invoice and pays to Carrier such amounts as Shipper concedes to be correct and provides documentation identifying the basis for the dispute, and at any time thereafter, within thirty (30) days of a demand made by Carrier, Shipper shall furnish a good and sufficient surety bond to secure payment to Carrier of the amount ultimately found to be due and payable under such invoice after a final determination which may be reached either by mutual agreement or court judgment, then Carrier shall not be entitled to suspend service on account of such disputed claim while so secured. To the extent that Shipper prevails in a legitimate billing dispute after Carrier demanded and Shipper obtained a surety bond to avoid suspension of service, Carrier shall reimburse Shipper for the reasonable and customary costs of obtaining such a surety bond in the amount required to secure the disputed payments to Carrier.

ITEM NO. 125. LIABILITY FUND

- (a) Carrier shall not be responsible for any tax, fee, or other charge levied on the Crude Petroleum delivered to Carrier pursuant to any Federal, State or local act

or regulation which levies a tax, fee or other charge on the receipt, delivery, transfer, or transportation of such Crude Petroleum within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up and removal of spills and the reimbursement of persons sustaining loss therefrom.

EXPLANATION OF REFERENCE MARKS

[N] [C]	Cancel
[N] [N]	New
[N] [W]	Change in wording only

EXPLANATION OF ABBREVIATIONS

ACT	Automatic Custody Transfer
API	American Petroleum Institute
ASTM	American Society for Testing and Materials
FERC	Federal Energy Regulatory Commission
LACT	Lease Automatic Custody Transfer
No.	Number
NYMEX	New York Mercantile Exchange
TACT	Truck Automatic Custody Transfer
WTI	West Texas Intermediate