

TESORO HIGH PLAINS PIPELINE COMPANY LLC

LOCAL TARIFF

Containing
RULES AND REGULATIONS
Governing
THE TRANSPORTATION
Of
CRUDE PETROLEUM
By Pipeline

The rules and regulations published herein apply only under tariffs making specific reference by F.E.R.C. number to these rules and regulations; these references will include supplements and successive tariff issuances.

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

ISSUED BY

R. J. ST. AMOUR, Vice President
TESORO HIGH PLAINS PIPELINE
COMPANY LLC
539 South Main Street
Findlay, Ohio 45840

COMPILED BY

S. PURSER
For
TESORO HIGH PLAINS PIPELINE
COMPANY LLC
539 South Main Street
Findlay, Ohio 45840
(419) 421- 4080
tariffadministration@marathonpetroleum.com

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GENERAL APPLICATION

Rules and regulations published herein apply only under tariffs which make specific reference by F.E.R.C. number or State Commission number to these rules and regulations; such reference will include supplements hereto and successive tariff issuances.

Crude Petroleum will be transported through Carrier's facilities only as provided in this rules and regulations tariff, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

[C] ~~RULES AND REGULATIONS~~

~~[C] Crude Petroleum will be transported through Carrier's facilities only as provided in these rules and regulations.~~

5. ABBREVIATIONS AND DEFINITIONS

As used in these rules and regulations, the following terms have the following meanings:

“Actual Shipments” means volumes of Crude Petroleum that originate and are Tendered at a regular receiving point during a month. For greater certainty Crude Petroleum re-entering the pipeline at intermediate points will not be considered to be Actual Shipments.

“Affiliate” means any entity that is under direct or indirect common control, or directly or indirectly (i) controls a Shipper; (ii) is controlled by another Shipper; (iii) is controlled by the same entity that controls a Shipper; or (iv) is controlled by and through one or more intermediaries that controls another Shipper. For the purposes of this definition the term “controls” and “controlled by” shall mean the use of shared mailing or business addresses, the use of shared business telephone numbers, the use of common bank account(s) with regards to the payment of transportation charges, substantially the same management or general partner, one Shipper directing or conducting business on behalf of another Shipper as it relates to Tendering and accepting quantities of Crude Petroleum, the power to direct or cause the direction of the management or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes with respect to the control of or by a corporation the ownership of shares or equity interests carrying not less than 10% of the voting rights regardless of whether such ownership occurs directly or indirectly.

“a.m.” means a time of day after midnight and before noon.

“Available Capacity” means the total capacity of the pipeline segment or segments which, as reduced by Committed Capacity, remains available to transport Crude Petroleum. Available Capacity shall not be less than ten (10) percent of the total capacity of any pipeline segment.

“Average Monthly Volume” means the average of a Historic Shipper's Actual Shipments of Crude Petroleum with respect to the line segment or segments calculated in accordance with Item 110.

“API” refers to the American Petroleum Institute.

“ASTM” refers to ASTM International formerly known as American Society for Testing and Materials.

“Barrel” means forty-two United States gallons.

“Carrier” means and refers to Tesoro High Plains Pipeline Company LLC (THPP).

“Committed Capacity” means the capacity on the pipeline segment or segments that is equal to the aggregate Committed Volumes for such segment(s) under Transportation Services Agreements in effect during a month of prorationing. Committed Capacity on any pipeline segment shall not exceed ninety (90) percent of the total capacity of that segment.

“Committed Shipper” means a Shipper that has signed a Transportation Services Agreement with Carrier and has thereby committed to transporting or paying for the transportation of a specified minimum volume per day of Crude Petroleum.

“Committed Volume” means with regard to a Committed Shipper, the minimum daily volume of Crude Petroleum set out in the Shipper’s Transportation Services Agreement.

“Crude Petroleum” means either the direct liquid products of oil wells or synthetic crude petroleum. Excluded from the category of Crude Petroleum are mixtures of direct products of oil wells and indirect products. Also, specifically excluded in the definition of Crude Petroleum that Carrier will transport are indirect products of oil wells or natural gas wells such as gasoline and liquefied petroleum gases, as provided in Item 15.

“Consignee” means the Shipper or a party whom a Shipper has designated as the recipient of a delivery of Crude Petroleum.

“Destination Point” means any of the points identified on Carrier’s currently effective F.E.R.C. [W] ~~Tariff~~ tariff as a location at which Crude Petroleum is discharged from the pipeline. These points are generally designated under the “To” point listing on the applicable rate schedules.

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

“No.” means number.

“Non-Performance Penalty” means the Financial Non-Performance Penalty and the Volumetric Non-Performance Penalty, as defined under Item 110.

“p.m.” means a time of day after noon and before midnight.

“Origination Point” means any point listed on Carrier’s currently effective F.E.R.C. [W] ~~Tariff~~ tariff as a location at which Crude Petroleum is tendered to the pipeline for delivery to a Destination Point. These points are generally designated as “From” on applicable rate schedules.

[C] ~~“Tariff” means the Carrier’s FERC 3.15.0 Rates Schedule and Carrier’s FERC No. 2.3.0— Rules and Regulations provisions tariffs filed with the FERC, or any subsequently filed versions thereof.~~

“Transportation Services Agreement” or “Services Agreement” means an executed agreement between Carrier and a Shipper, by which Shipper commits to ship or pay for the shipment of a specific volume of Crude Petroleum per day.

“Tender” means an offer by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from a specified Origination Point or origins to a specified Destination Point in accordance with these rules and regulations.

“Uncommitted Shipper” means a Shipper that has not entered into a Transportation Service Agreement.

10. COMMODITY

Carrier is engaged in the transportation of Crude Petroleum by pipeline and will not accept any indirect products of oil and gas wells, mixtures containing indirect products or other commodity for transportation. [N] Crude Petroleum Tendered for transportation which differs in quality or characteristics from that usually transported by the Carrier, will, if operationally possible and in a non-discriminatory manner, be transported under such terms as the Shipper and the Carrier may agree. Such shipments will only be considered when they can be transported, as time permits, with existing facilities and when they will not seriously impair the quality of other shipments.

15. MIXTURES

The indirect liquid products of oil or gas wells, including gasoline and liquefied petroleum gases, hereinafter referred to as indirect products, will not be accepted or transported as a mixture with the direct liquid products of oil wells, hereinafter referred to as direct products.

20. TENDERS

(a) Crude Petroleum will be transported only under a Tender accepted by Carrier, from Origination Points (or from facilities connected to Carrier's gathering system when gathering service is to be performed by Carrier) to Destination Points when a tariff covering the movement is lawfully in effect and on file with the Federal Energy Regulatory Commission, and with the appropriate state commission covering intrastate traffic.

(b) Any Shipper desiring to Tender Crude Petroleum for transportation shall make such Tender to Carrier in writing no later than the time and date set out in the Carrier's monthly nomination schedule. The Carrier shall notify all shippers of the monthly nomination schedule applicable for the calendar year. Notice of any amendment to a monthly nomination date shall be provided by the Carrier to all shippers at minimum 24 hours in advance of the proposed change in nomination date. The Carrier may, subject to the availability of space and the operating conditions of the facilities of the Carrier, accept ~~[W] Nominations~~ nominations or revised ~~[W] Nominations~~ nominations after such time.

25. QUANTITIES

(a) A Tender will be accepted only when the total quantity covered by such Tender will be made available for transportation within the month when the Tender is to begin.

(b) Any quantity of Crude Petroleum will be accepted from lease tanks or other facilities to which Carrier is connected, if such quantity can be so consolidated with other Crude Petroleum so that Carrier can make delivery of not less than five thousand barrels during the month.

28. QUALITY

(a) The presence of contaminants in Crude Petroleum, including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons and/or lead, shall be reason for Carrier to reject any Crude Petroleum.

(b) The Carrier reserves the right to reject on a non-discriminatory basis any Crude Petroleum offered or received for transportation when the Crude Petroleum's sulfur content exceeds 0.5% by weight.

~~[W] (c) Applying to points from Fairview Station, Putnam Junction, and Sidney Station, MT, and Cartwright Station, ND to points in Richey Station, MT; The Carrier reserves the right to reject on a non-discriminatory basis any Crude Petroleum offered or received for transportation when the Crude Petroleum's sulfur content exceeds 0.2% by weight.~~

[W] ~~(d)~~ (c) Hydrogen Sulfide Specification:

(i) The Carrier reserves the right to reject on a non-discriminatory basis any Crude Petroleum received or offered for transportation when the Crude Petroleum hydrogen sulfide (H₂S) vapor phase [ppm] content is greater than 5 ppm for routes with the following origins (and gathering facilities upstream of such origins):

Johnson's Corner, McKenzie County;
Blue Buttes, McKenzie County;
Keene Station, McKenzie County;
Yttredahl, McKenzie County;
Charlson, McKenzie County;
~~[C] Battleview, Burke County;~~
~~[C] Black Slough, Burke County;~~
Ramberg Station, Williams County; and
Tioga, Williams County.

(ii) For all other origin points, ~~[C] with the exception of Dodge Station,~~ the Carrier reserves the right to reject on a non-discriminatory basis any Crude Petroleum received or offered for transportation when the Crude Petroleum H₂S vapor phase content is greater than 10 ppm. ~~[C] There is no maximum H₂S specification for Dodge Station.~~

The method used to test H₂S levels will be the Primary ASTM Test, method D5705M as modified for Crude Petroleum.

~~[W] ~~(e)~~ (d)~~ Crude Petroleum shall have an API Gravity specification of between thirty-three degrees (33°) and forty-six degrees (46°) using ASTM D5002 testing method.

~~[W] ~~(f)~~ (e) [W] Crude Petroleum shall have a Reid Vapor Pressure Equivalent (RVPE) of no greater than 13.0 pounds per square inch absolute using ASTM D6377~~ Crude Petroleum shall have a vapor pressure, using the Carrier's accepted test methodology of the current version of ASTM D6377 (VPCR 4:1), which does not exceed 12.3 pounds per square inch absolute (psia) for Crude Petroleum received during the period of May 1st through October 31st, or 13.7 pounds per square inch absolute (psia) during the period November 1st through April 30th of the year. VPCR 4:1 means the vapor pressure of Crude Petroleum at 100 degrees Fahrenheit and V/L ratio of 4:1 as determined by the latest edition of ASTM D6377: Standard Test Method for Determination of Vapor Pressure of Crude Petroleum: VPCR_x (Expansion Method).

~~[W] ~~(g)~~ (f)~~ Crude Petroleum shall contain basic sediment, water and other impurities of 0.5% or less (with maximum water content of 0.3%).

~~[W] ~~(h)~~ (g)~~ Quality specifications of a connecting carrier may be imposed upon Carrier when such limits are more stringent than that of Carrier, in which case the limitations of the connecting carrier will be applied.

~~[N] (h) Carrier will not be required to accept Crude Petroleum into its facilities at a temperature higher than one hundred twenty degrees (120°) Fahrenheit.~~

30. SEGREGATION AND VARIATIONS IN QUALITY AND GRAVITY

~~[W] The following rules and regulations covering Crude Petroleum quality apply to Carrier's Crude Petroleum system as a whole. Any geographic area to which specific quality requirements apply in~~

~~addition to these rules and regulations is so identified below. Carrier operates its system as a common stream system. Any geographic location to which specific quality requirements may also apply are identified within Item No. 28. Additional common stream requirements are as follows:~~

(a) ~~As part of its common stream transportation, Carrier [W] does not accept reserves the right to reject any Crude Petroleum that does not meet the quality criteria of the common stream. Carrier [W] will may take appropriate and reasonable steps to monitor the quality of its common streams [C] and shall look into suspected abuses of common stream criteria violations. Monitoring of common streams will include gravity [W] and sulfur testing and could include simulated distillation and other testing to determine quality , sulfur, simulated distillation and other quality testing of shipments by Carrier or Carrier's representative at the Origination Points. In the event of a variance between Shipper's test and Carrier's test, Carrier's test shall prevail.~~

(b) ~~If [W] abuses of the common stream quality are determined, the Carrier determines that a Shipper has delivered Crude Petroleum that has been contaminated or does not meet the quality requirements of the common stream, such Shipper [W] causing such abuses shall be advised to cease and desist all such actions. Failure to desist or failure to cooperate in ending such practices shall result in that Shipper being barred from shipping in the common stream where such abuses occurred. Before such Shipper is allowed to regain its Shipper status in the common stream where the abuses occurred, the Shipper will be required to provide Carrier with assurances that such abuses will not recur may be excluded from further entry into applicable segments of the Carrier's system until quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its facilities. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper that introduced the contaminated Crude Petroleum into Carrier's facilities as required in Item No. 70.~~

(c) Carrier will work with connecting carriers regarding Carrier's quality issues and will advise such connecting carriers that any Crude Petroleum found to be a detriment to Carrier's common stream may be rejected for further transportation on Carrier's system.

(d) ~~Since variations in gravity and/or quality of common stream Crude Petroleum are inherent in common stream operations, Carrier will not be liable for such variations occurring while Crude Petroleum is in its custody [W] , nor is Carrier under any obligation to deliver the identical Crude Petroleum received, but will make delivery out of such common stream. Carrier shall be under no obligation to make delivery of the identical Crude Petroleum received.~~

(e) When requested by the Shipper and if operationally feasible, Carrier will endeavor to segregate Crude Petroleum of a kind and/or quality not currently transported through Carrier's facilities. Carrier will, to the best of its abilities, make delivery of such Crude Petroleum at destination which is substantially the same Crude Petroleum as that received by Carrier at origin. For such segregated batches, Shipper must provide Crude Petroleum in such quantities (see Note 1) and at such specified times as may be necessary to permit such segregated movements via Carrier's existing facilities. Further, Carrier will not be liable for failure to deliver the identical Crude Petroleum or for any variations in the gravity and/or quality of Crude Petroleum occurring while such segregated crude is in Carrier's custody.

Note 1: The quantity to be accepted and transported under the provisions of this paragraph will be determined by Carrier in accordance with current operations through its existing facilities involved in the segregated movements, but in no event shall the quantity for a single delivery be less than the minimum quantity provided in Item 25.

35. DESTINATION FACILITIES

No duty to transport will arise until evidence satisfactory to Carrier has been furnished that consignee has provided necessary facilities to which Carrier is connected and has made necessary arrangements for accepting delivery of shipments promptly on arrival at the destination. Carrier does not provide truck or rail unloading facilities as part of its transportation service.

40. GAUGING, DEDUCTIONS AND ADJUSTMENTS

(a) Quantities for receiving, delivering, assessing charges and all other purposes will be corrected to a temperature of sixty degrees Fahrenheit, after deduction of impurities shown by tests made by Carrier prior to receipt and upon delivery. Quantities may be computed from tank tables compiled or accepted by Carrier.

(b) Pursuant to Item 70, Crude Petroleum quantities transported may be adjusted to allow for inherent losses, including but not limited to shrinkage, evaporation, interface losses and normal "over and short" losses. A deduction of two tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation with losses being assessed only upon delivery at the Destination Point on Carrier's mainline.

(c) The net quantities as determined under paragraphs (a) and (b) of this item will be the amounts accountable at destination.

45. DIVERSION OR RECONSIGNMENT

Crude Petroleum in transport may be diverted without an additional charge to a destination other than originally specified on the Tender, or Crude Petroleum in transport may be reconsigned without an additional charge to another Shipper at point of destination only if such diversion or reconsignment is made in writing by the entered Shipper prior to delivery at original destination. Any such diversion will be permitted only in accordance with and subject to the rates, rules and regulations applicable from point of origin to point of final destination and, upon condition that no out of line or backhaul movement will be made.

50. STORAGE [W] AND IN TRANSIT

(a) Carrier has working tanks required in the process of transporting Crude Petroleum, but has no other tankage and, therefore, does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage in transit in facilities furnished by Shipper at points on Carrier's system will be permitted to the extent authorized under individual transit tariffs lawfully on file with the Federal Energy Regulatory Commission.

(b) Each Shipper will be required to furnish Crude Petroleum into inventory for its proportionate share of the linefill in such amount as deemed necessary by Carrier.

52. LINEFILL [N] AND INVENTORY

Prior to delivering Crude Petroleum from Carrier's system, each Shipper will be required to supply a pro rata share of the volume of Crude Petroleum necessary for pipeline and tankage fill and reasonable additional minimum quantities required to ensure efficient operation of Carrier's pipeline system. Each Shipper will retain title to the linefill it provides to Carrier. Crude Petroleum provided by Shipper for this purpose may be withdrawn from the pipeline system only with the prior approval of Carrier, with such approval not to be unreasonably withheld or delayed, or after reasonable notice has been provided to Carrier of Shipper's intention to discontinue shipment in the pipeline system. [N] Carrier will require

Shipper to pay any outstanding charges, including principal and any accumulated finance charge, prior to linefill and inventory being withdrawn.

[N] A Shipper will be required to settle the inactive inventory balances within a reasonable timeframe after such Shipper ceases movements of Crude Petroleum on the system and such Shipper is unable to schedule appropriate shipments to clear the inactive inventory balance or such Shipper gives written notice of its intent to cease all movements on the system. Settlement will be based upon the fair market value of the Crude Petroleum at the time Shipper informs Carrier in writing of its intention to discontinue shipments on the system pursuant to Carrier's applicable tariff or tariffs. If no such written notice is given, the settlement will be based upon the fair market value of the Crude Petroleum at the time Carrier calls for the settlement of the Shipper's inventory balance.

55. DELIVERY AND DEMURRAGE

(a) Carrier will transport and deliver Crude Petroleum with reasonable diligence and dispatch, but will accept no Crude Petroleum to be transported in time for any particular market.

(b) After any shipment has had time to arrive at destination, and on twenty-four hours notice to Consignee, Carrier may begin delivery at its current rate of pumping.

(c) Commencing after the first seven o'clock a.m. after expiration of said notice, a demurrage charge of one cent per barrel per day of twenty-four hours shall accrue on any part of said shipment offered for delivery and not taken as prescribed in paragraph (b) of this Item. After expiration of said notice, Carrier's liability for loss, damage, or delay shall be that of a warehouseman only.

60. RATES APPLICABLE

Crude Petroleum transported shall be subject to the rates in effect on the dates such Crude Petroleum is [W] received delivered by Carrier irrespective of the date of Tender.

65. PAYMENT OF CHARGES

~~[C] The Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment according to the provisions of this Tariff or any applicable Transportation Service Agreement, and if required, shall prepay such charges or furnish guaranty of payment satisfactory to Carrier. Carrier will have a lien on all Crude Petroleum accepted for transportation to secure the payment of all charges, including demurrage charges, and may refuse to deliver Crude Petroleum until all charges have been paid. If said charges or any part thereof shall remain unpaid five days, computed from the first seven o'clock a.m. after written notice is mailed to Shipper of intention to enforce Carrier's lien as herein provided, or when there shall be failure to take the Crude Petroleum at the point of destination as provided in Item 55 within five days, computed from the first seven o'clock a.m. after expiration of the notice therein provided, Carrier shall have the right through an agent, to sell said Crude Petroleum at public auction for cash, between and not less than twenty four hours after notice of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold has been published in a daily newspaper of general circulation published in the town or city where the sale is to be held, and sent by telegraph to Shipper.~~

~~[C] Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale Carrier may pay itself all transportation, demurrage, and other lawful charges, expense of notice, advertisement, sale, and other necessary expense, and of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto.~~

[N] Payment of such charges and fees shall be made in accordance with invoice terms and these rules and regulations. The Carrier may, at its option, require the Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to the Carrier as further required under Item No. 66.

[N] If any charges are not paid 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 as quoted by a major New York bank as of the due date or the maximum finance charge rate allowed by law, whichever is less.

[N] In the event Shipper fails to pay any charges when due, Carrier shall have the right, until such payments, including interest, are made in full, to: (i) refuse to provide Shipper access to Carrier's pipelines or provide services pursuant to Carrier's tariffs, (ii) offset the current and future amounts owed by Shipper against any amounts Carrier owes to shipper, and (iii) exercise any other rights and remedies granted under this tariff or existing under applicable law.

[N] If any such charges or fees remain unpaid for thirty (30) calendar days after the payment due date, the Carrier shall have the right, either directly or through an agent, to sell any of the Shipper's Crude Petroleum within the custody of the Carrier. From the proceeds of this sale, Carrier will deduct all transportation charges, other lawful charges and fees and interest due to Carrier, including expenses incident to said sale, and the balance of the remaining proceeds, if any, shall be held by Carrier for whomsoever may be lawfully entitled thereto. If proceeds from such sale are not sufficient, Shipper will remain liable for any deficiency including the above interest charges.

66. CREDIT WORTHINESS

(a) Carrier shall not be required to provide service to any Shipper who fails to meet Carrier's standards for credit worthiness. In this regard Carrier may require that a Shipper provide audited financial statements to Carrier within 90 days of its fiscal year end for review by Carrier. Carrier may also require a shipper to provide unaudited interim financial statements.

(b) Carrier shall not be required to perform and shall have the ability to suspend service for any Shipper who is or has become insolvent, fails to demonstrate credit worthiness under Section (A), fails to timely provide information to Carrier as requested in Section (A), or fails to demonstrate ongoing credit worthiness through the credit information referred to in Section (A). Accordingly, Carrier may suspend service to Shipper who fails to meet credit worthiness requirements unless the shipper provides one of the following forms of Performance Assurance:

(i) an irrevocable letter of credit with terms and amounts acceptable to Carrier in its sole discretion and from a bank acceptable to Carrier in its sole discretion;

(ii) a guaranty with terms acceptable to Carrier in its sole discretion and executed by a guarantor acceptable to Carrier in its sole discretion;

(iii) such other form of credit security acceptable to Carrier in its sole discretion; or

(iv) prepayment at least ten (10) calendar days prior to the first day of a month of an amount of money reasonably calculated by Carrier to cover any payments for transportation services likely to be incurred by Shipper during such month.

70. LIABILITY OF [W] CARRIER PARTIES

(a) Carrier, while in possession of any Crude Petroleum, will not be liable for any loss thereof, or damage thereto, or delay, caused by an act of God, the public enemy, quarantine, the authority of law, or of public authority, strikes, riots insurrection, inherent nature of the goods, or the act or default of the Shipper consignee, except as may be otherwise provided in a Transportation Service Agreement.

(b) Any losses of Crude Petroleum will be charged proportionately to each shipper in the ratio that its petroleum products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all Crude Petroleum then in the custody of Carrier for transportation via the lines or other facilities in which the loss occurs; and Carrier will be obligated to deliver only that portion of such Crude Petroleum remaining after deducting Shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.

[N] (c) As a condition precedent to Carrier's acceptance of Crude Petroleum for transportation, Shipper shall release, protect, defend, indemnify, and hold Carrier harmless from and against any and all claims, actions, suits, losses, demands, damages, costs, and expenses (including attorneys' fees) arising out of or resulting from Shipper's or Consignee's failure to comply with this tariff and/or tariffs making reference hereto, including without limitation Shipper's or Consignee's delivery to Carrier of any Crude Petroleum, including generated Barrels of Crude Petroleum, that does not meet Carrier's specifications or requirements or that is not of good merchantable quality. If Carrier determines that Shipper or Consignee has delivered to Carrier any Crude Petroleum, including generated Barrels of Crude Petroleum, that does not meet Carrier's specifications or that is not of good merchantable quality, Carrier reserves the right, in its sole discretion, to treat or otherwise dispose of all such Crude Petroleum in any reasonable commercial manner at Shipper's sole expense. Shipper shall be liable, and agrees to promptly reimburse Carrier, for Carrier's costs of handling and/or disposal of Crude Petroleum, and of repairing, replacing, inspecting, cleaning, and decontaminating the property of Carrier, its affiliates or third parties of every kind, nature, or description arising out of or resulting from Shipper's or Consignee's delivery of Crude Petroleum to Carrier that fails to meet Carrier's specifications or requirements or that is not of good merchantable quality.

75. TITLE

A Tender of Crude Petroleum shall be deemed a warranty of title by the party Tendering, but acceptance shall not be deemed a representation by Carrier as to title. Carrier may, in the absence of adequate security, decline to receive any Crude Petroleum which is in litigation as dispute over title may exist, or which is encumbered by any lien of which Carrier has notice.

80. TIME LIMITATION ON CLAIMS

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine months and one day after reasonable time for delivery, based on Carrier's normal operations, has elapsed; and suits shall be instituted against Carrier only within two years and one 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. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, no Carrier hereunder will be liable, and such claims will not be paid.

[C] 85. COMMUNICATIONS FACILITIES

~~Shippers may use Carrier's private communication facilities without additional charge for messages incident to their shipments. Carrier will not be liable for non delivery of messages, or for errors or delays in transmission or interruption of the service.~~

[C] 90. TRUCK UNLOADING

~~Where trucks are unloaded on Tesoro High Plains Pipeline Company LLC's main line, a special handling charge of 10.56¢ per barrel will be added to the trunk line rate in effect unless otherwise specified on the individual tariff.~~

105. COMMON STREAM PETROLEUM CONNECTING CARRIERS

When both receipts from and delivers to a connecting Carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the connecting Carrier, to offset like volumes of such common stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. Carrier will apply to such offsetting of volumes the applicable tariff rate. When his rate is exercised, Carrier will make further deliveries for the Shipper involved from its common stream Crude Petroleum.

110. PRORATION PROCEDURES

For purposes of the Item 110, the following terms shall mean:

“Committed Shipper”: Has the meaning set out in the Item 5 of these Rules and Regulations.

Note: a Committed Shipper that Tenders Crude Petroleum in excess of its Committed Volume will be an Uncommitted Shipper with respect to the difference between the Committed Volumes and the amount the Shipper actually Tenders. With respect to that excess amount the Shipper will be either a Historic or a New Shipper.

“Historic Shipper”: An Uncommitted Shipper that has shipped Crude Petroleum on the same segment on the pipeline in nine (9) of the twelve (12) months beginning 13 months prior to the month of allocation. Upon termination of its Services Agreement, a Committed Shipper will be considered an Historic Shipper.

“New Shipper”: A New Shipper is any Shipper that does not meet the qualifications of an Historic Shipper.

When more Crude Petroleum is Tendered for transportation in a month on a line segment than Carrier can transport, Carrier shall apportion its capacity by allocating space in that line segment in the following manner:

(1) to Committed Shippers on the segment, if any, as follows:

- a) Each Committed Shipper that has a Committed Volume for a prorated line segment shall be allocated Committed Capacity on that line segment in an amount equal to one hundred (100) percent of its Committed Volume. If a Committed Shipper has nominated an amount less than its Committed Volume, then the Committed Shipper’s allocation will be equal to its nominated volume;
- b) If there is insufficient capacity at an Origination Point to meet all of the requested nominations of Committed Shippers, capacity will be allocated by calculating the ratio of individual Committed Shippers’ Committed Volumes for the Origination Point to the total Committed Volumes of all Committed Shippers with volumes listed for that Origination Point as reflected in each Committed Shipper’s Services Agreement and multiplying the percentage derived by the available capacity at that Origination Point.

- c) To the extent that there is insufficient capacity to meet the nominations of Committed Shippers at a Destination Point, capacity at the Destination Point will be allocated among Committed Shippers by calculating the ratio of each individual Committed Shipper's Committed Volumes for the applicable Destination Point to the total Committed Volumes of all Committed Shippers with volumes for delivery to the Destination Point as reflected in each Committed Shipper's Services Agreement and multiplying the percentage derived by the available capacity at such Destination Point.

After allocating the Committed Capacity on a line segment subject to prorationing to Committed Shippers, any remaining Available Capacity on a line segment shall be allocated to Historic Shippers and New Shippers as follows:

The Average Monthly Volumes of each Shipper will be calculated on the basis of the Actual Shipments made by that Shipper in the 12 month period beginning 13 months prior to the month of allocation.

The Available Capacity of the line segment being prorated will be divided by the total of all volumes nominated by Historic Shippers and New Shippers. The resultant fraction will be the "proration factor."

Each New Shipper shall be allocated space equal to its nominated volumes multiplied by the proration factor, except that in any month for which Carrier is allocating capacity on a segment, the capacity allocated to a Historic Shipper shall not be reduced by more than 10 percent of the Historic Shippers' Average Monthly Volume prorated based on Available Capacity. In addition, in any month for which Carrier is allocating capacity, no New Shipper will be allocated more than 2.5 percent of Carrier's Available Capacity.

If less than four (4) New Shippers have submitted nominations for the affected line segment, each New Shipper will be allocated the lesser of either 2.5 percent of Available Capacity or its nominated volume. In the event that more than four (4) New Shippers have submitted nominations for the affected line segment, the nominated volumes for each New Shipper shall be totaled and divided into 10 percent of the Available Capacity. The resulting percentage shall be the initial New Shipper's proration factor. Each New Shipper will be allocated pipeline segment capacity equal to the lesser of:

- a) 2.5 percent of Available Capacity, or
- b) Its nominated volumes, or
- c) Its nominated volumes multiplied by the initial New Shipper proration factor.

The remaining capacity shall be allocated among Historic Shippers in proportion to their respective Average Monthly Volumes.

No individual Shipper nomination shall be considered beyond the physical capacity of the pipeline segments on which the nominated Crude Petroleum will be transported. Nominations in excess of these limits will be reduced accordingly.

For purposes of responding to scheduled or unscheduled operational issues at certain pipeline delivery points, Carrier may be required to occasionally reverse the flow of all or part of its pipeline. During these periods of pipeline reversal to meet downstream operational conditions, the determination of Average Monthly Volumes will be suspended and will immediately resume when service is restored to the established pipeline destinations. Accordingly, after service is restored, Average Monthly Volumes will be calculated on the basis of actual shipments prior to the reversal of service and actual shipments on Carrier when service is restored to designated destinations. If prorationing becomes necessary during the period of time in which the pipeline is reversed, capacity on Carrier will be allocated in a fair and

equitable manner so as to avoid discrimination among Shippers and so as not to adversely affect the reasonable operation of Carrier's facilities.

(2) In months of prorationing, all Tenders by Uncommitted Shippers shall have the Non-Performance Penalty applied to any shortfall in Tenders of Crude Petroleum from Uncommitted Shippers that exceeds ten (10) percent of that Shipper's allocated volume as follows:

- a) For purposes hereof, the following terms have the meanings specified below:
 - Financial Non-Performance Penalty means an amount equal to the product of the applicable tariff multiplied by the difference between the Shipper's binding allocated Tender and its actual shipment of Crude Petroleum in the month of Prorationing.
 - Volumetric Non-Performance Penalty the nomination that will be accepted by Carrier from that Shipper in the next three months, beginning two months after the month of non performance, will be limited to no more than the volume that the Shipper actually shipped during the month of prorationing, provided that this volume limitation will only be applied when the pipeline is being prorationed.
- b) If a Shipper incurs a Non-Performance Volume on a segment during the first month of a rolling 12-month period (a cumulative rolling period of 12 months beginning the month in which the Shipper first incurs a Non-Performance Volume), the Financial Non-Performance Penalty shall apply;
- c) If a Shipper incurs a Non-Performance Volume in any subsequent month of the rolling 12-month period (as defined in (a) above) in addition to the Financial Non-Performance Penalty, the Shipper shall incur a Volumetric Non-Performance Penalty.
- d) For good cause shown, including Force Majeure events, Carrier may waive the Financial Non-Performance Penalty and/or the Volumetric Non-Performance Penalty on a non-discriminatory basis.

115. REQUIRED SHIPPER INFORMATION

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

(b) Carrier shall not be obliged to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide to Carrier any information requested in accordance with Item 115(a) within ten (10) days of Carrier's written request, or if Carrier reasonably determines that any of the information provided pursuant to Item 115(a) is false.

[C] Cancelled

[N] New

[W] Change in Wording Only