

RED BUTTE PIPE LINE LLC

LOCAL TARIFF

CONTAINING

RATE, RULES AND REGULATIONS

Governing the

TRANSPORTATION

of

CRUDE OIL

in

COMMON CARRIER SERVICE

Filed in compliance with 18 CFR § 342.3 (indexing).

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

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GENERAL APPLICATION

Red Butte Pipe Line LLC (hereinafter “Red Butte”) offers a common carrier service which encompasses Common Stream Shipments. The Rules and Regulations published herein are applicable to pipeline transportation by Red Butte. The Rules and Regulations published herein apply only under Tariffs which make specific reference by F.E.R.C. or WYO. P.S.C. number to this Tariff; such reference will include and successive issues hereof. Specific Rules and Regulations published in individual Tariffs will take precedence over all Rules and Regulations published herein. For inquiries regarding form or procedures, please contact the individual on the first page under “COMPILED BY”.

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RULES AND REGULATIONS

1. Definitions

Except where the context expressly states another meaning, the following terms, when used in these Rules and Regulations and in any rate schedule into which these Rules and Regulations are incorporated, shall be construed to have the following meanings:

- 1.1 “API” means American Petroleum Institute.
- 1.2 “ASTM” means American Society for Testing and Materials.
- 1.3 “Banking Day” means any day that the financial institutions designated by Carrier for payment in its monthly invoice conduct business.
- 1.4 “Barrel” means forty-two (42) United States gallons.
- 1.5 **Intentionally left blank.**
- 1.6 **Intentionally left blank.**
- 1.7 “Carrier” means and refers to Red Butte Pipe Line LLC.
- 1.8 “Common Stream” or “Common Stream Shipment” means Crude Oil, Tended or received at Common Stream Facilities, which is commingled or intermixed, with other Crude Oil of like characteristics and quality. A Common Stream may be made up of one or more Tenders of Crude Oil provided that each Tender of Crude Oil meets the quality specifications, as set out in Item 4.2.

- 1.9 “Common Stream Facilities”** means those Facilities that are used by Carrier to Receive/Deliver and/or transport Common Stream Tenders from/to connected facilities whether truck loading/unloading facilities, connected production facilities or Common Stream pipelines.
- 1.10 “Crude Oil”** applicable to Common Stream Shipments, means a mixture of hydrocarbons that existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Crude Oil does not include natural gas liquids, natural gasoline, reclaimed petroleum, synthetic crude oil or indirect liquid products. Crude Oil shall not exceed 50 degrees API gravity unless agreed to by all current Shippers and the Carrier. Crude Oil is generally referred to as “virgin crude oil”.
- 1.11 “Day”** means a period of 24 consecutive hours, beginning and ending at 7:00 a.m. Mountain Time. The reference date for any Day shall be the calendar date upon which the 24 hour period shall commence.
- 1.12 “Delivery Point(s)”** means the outlet meter at one or more of the locations on Carrier’s Facilities which have been designated by Carrier as a delivery point in Carrier’s tariff. Shipper may designate which delivery point in Carrier’s tariff it wishes to utilize from time to time.
- 1.13 “Deliver”** and any derivative thereof, means delivered by Carrier to Shipper at the Delivery Point(s).
- 1.14 “Facility”** and any derivative thereof, shall include all Common Stream Facilities.
- 1.15 “F.E.R.C.”** means the Federal Energy Regulatory Commission or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefore.
- 1.16 “Filing”** and any other derivative thereof, means filing of tariff publications and related documents with the Secretary of F.E.R.C. or the Wyoming Public Service Commission.
- 1.17 “Gross Standard Volume”** means the volume of Crude Oil measured in Barrels in accordance with standards established by ASTM.
- 1.18 Intentionally left blank.**
- 1.19 “Month”** and any other derivative thereof, means the period beginning on the first Day of the calendar month and ending at the same hour on the first Day of the next calendar month.
- 1.20 “Monthly Nomination Date”** means no later than 11:59 p.m. Mountain Time on the 20th Day of the Month preceding the Month that Shipper intends to Tender Crude Oil for transportation service hereunder.
- 1.21 “Net Standard Volume”** means the Gross Standard Volume minus the basic sediment, water component and other impurities.
- 1.22 “Nomination”** and any derivative thereof, means the volume of Crude Oil to be specified in the Monthly Nomination Form as described in Item 6.1 of these Rules and Regulations.
- 1.23 “Nomination Form”** means the document prescribed by Carrier to be used by Shipper in notifying Carrier of proposed Tenders, as such form may be amended from time to time. Inquiries regarding forms or procedures should be directed to the individual identified on the first page under “COMPILED BY”.
- 1.24 “Party”** means Carrier or a Shipper.
- 1.25 “Payment Due Date”** means 15 days after billing date or 15 days after receipt of invoice, whichever is the later date, in accordance with Item 8.1.
- 1.26 “Person”** means a natural person, firm, trust, partnership, corporation, government or governmental agency.
- 1.27 “Receipt Point(s)”** means the inlet meter at one or more of the locations on Carrier’s Facilities as contained in Carrier’s Tariff and designated by Shipper to Carrier from time to time.
- 1.28 “Shipper”** means a Person who uses the transportation service of Carrier pursuant to the rules, regulations and rates in Carrier’s Tariff.
- 1.29 “Tariff”** means the terms and conditions contained in these Rules and Regulations or other tariffs filed at the F.E.R.C. or WYO. P.S.C. by Carrier and all supplements and successors thereof.

- 1.30 **“Tender”** and any derivative thereof, means the Delivery by a Shipper to Carrier at a Receipt Point of a stated quantity and type of Crude Oil for transportation from a Receipt Point to a Delivery Point hereunder.
- 1.31 **“Transferer”** means the party who requests the Carrier to recognize and record a change in ownership of Crude Oil from its account to a designated transferee’s account.
- 1.32 **“Working Stock”** means the volume of Crude Oil required by Carrier for operational and scheduling purposes as determined and specified by Carrier from time to time.
- 1.33 **“WYO. P.S.C.”** means the Wyoming Public Service Commission or any regulatory or government authority hereafter having a similar jurisdiction in substitutional therefore.
- 1.34 **“Year”** means a period of 365 consecutive days; PROVIDED HOWEVER that any such year which contains a date of February 29 shall consist of 366 consecutive days.

2. Commodity

- 2.1 The Tariff covers the transportation of Crude Oil by Carrier, as specified in Item 4.2, and no commodity other than Crude Oil will be transported under the Tariff.

3. Receipt and Delivery

- 3.1 **Receipt and Delivery.** Crude Oil will be accepted for transportation only when Nominated and Tendered pursuant to Item 6 at Receipt Point(s) and Nominated for Delivery by the Shipper or a consignee at one or more Delivery Point(s).
- 3.2 **Delivery Facilities.** Crude Oil will be accepted for transportation only when the Shipper has provided or made arrangements for the necessary facilities and/or transportation service required to meet Carrier’s operational requirements at the named Delivery Point(s) for receiving the Crude Oil at the rate of flow at which the Carrier is then operating its Facilities at such Delivery Point(s).

4. Quality

- 4.1 **Permitted Crude Oil.** Even if the Crude Oil Tendered meets the specifications of Item 4.2 Carrier reserves the right to reject all Tenders unless the Tender can be commingled with a grade of Crude Oil which Carrier regularly transports between the receipt and Delivery Points without substantially reducing the value or altering the quality of any Common Stream regularly transported. Carrier will make the terms and conditions of such written agreements available to similarly-situated shippers requesting transportation under this paragraph, subject to the restrictions of 49 U.S.C. 15(13).

Carrier will accept only Crude Oil which meets the quality criteria of the Common Stream and the specifications of Crude Oil described in Item 4.2 hereof. Carrier will monitor the quality of the Common Streams and shall investigate suspected abuses of the Common Stream criteria violations. Monitoring of Common Streams will include gravity and sulfur testing and could include simulated distillation and other testing to determine quality.

- 4.2 **Specifications of Crude Oil.** Carrier reserves the right to reject all Tenders of Crude Oil when, in Carrier’s sole determination: (1) the Reid vapor pressure of the Crude Oil exceeds twelve (12) pounds at one hundred degrees Fahrenheit (100°F); (2) the true vapor pressure of the Crude Oil, might result in Carrier’s noncompliance with Federal, State, or Local requirements regarding hydrocarbon emissions; (3) the Crude Oil contains impurities exceeding five-tenths of one percent including not more than two-tenths of one percent water; (4) the Crude Oil has been contaminated by the presence of any chemicals including, but not limited to, chlorinated and/or oxygenated hydrocarbons and lead; (5) the Crude Oil has a pour point greater than 30 degrees Fahrenheit, unless under terms and conditions acceptable to Carrier. If such Crude Oil is accepted by Carrier, Shippers will be subject to a charge in addition to trunk line transportation rates if such charge is on file with the Federal Energy Regulatory Commission; (6) the Crude Oil has a viscosity greater than 55 Saybolt Universal Seconds at 60 degrees Fahrenheit, unless under terms and conditions acceptable to Carrier. If such Crude Oil is accepted by Carrier, Shipper will be subject to a charge in addition to trunk line transportation rates if such charge is provided in published tariffs on file with the Federal Energy Regulatory Commission; or (7) no Shipper shall Tender Crude Oil for transportation in the sweet Common Stream that is the product of a blend of Crude Oils whose sulphur content is above 0.42% by weight with Crude Oils whose sulphur content is less than 0.42% by weight. Crude Oil delivered to Carrier’s Facilities, which does not meet these specifications, shall be considered contaminated. If upon investigation Carrier determines that a Shipper has delivered to Carrier’s Facilities contaminated Crude Oil such Shipper shall be excluded from further entry into applicable segments of the System until such time as quality specifications are met.
- 4.3 **Specification Guidelines.** Notwithstanding Item 4.2 or any other provision to the contrary expressed or implied herein, Carrier shall have the right to make any reasonable change to the specifications under Item 4.2, from time to time, to ensure measurement accuracy and to protect Carrier, quality of crude, personnel, capacity or equipment by filing revised specifications.
- 4.4 **Freedom from Objectionable Matter.** Crude Oil transported on Carrier’s Common Stream Facilities shall not contain sand, dust, dirt, gums, impurities or other objectionable substances which may be injurious to the Carrier or may interfere with the transportation of Crude Oil hereunder.

- 4.5 Failure to Conform.** If Carrier determines that a Shipper does not comply with the provisions of Item 4.1, 4.2, 4.3 or 4.4 of these Rules and Regulations such that a Shipper has adversely affected the quality of the Common Stream, the Shipper 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 Tender Crude Oil to the Common Stream where such abuses occurred, the Shipper will be required to provide Carrier with written assurances that such abuses will not recur. Shippers who have intentionally violated these Common Stream restrictions may be liable for damages to other Shippers in the same Common Stream.
- 4.6 Failure to Remove Crude Oil.** If a Shipper fails to remove its Crude Oil from Carrier's Facilities in accordance with the provision of Item 4.5 hereof, then Carrier, in addition to any other remedy it may have under the Tariff, at law or in equity, shall have the right to remove and sell such Crude Oil in a lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, removal and sale of such Crude Oil and Carrier shall be entitled to retain a reasonable estimate of any damages, costs, and expenses already incurred or anticipated to be incurred by Carrier in respect of such Crude Oil. The remainder of such proceeds, if any, shall be paid by Carrier to the Shipper or in accordance with the Shipper's direction. Carrier may take such further action and remedies as it deems appropriate to lessen or mitigate any adverse impacts to Carrier's Facilities caused by Shipper's failure to comply with the provisions of Item 4.

5. Segregation and Changes in Quality

- 5.1 Delivery of Types of Crude Oil.** Carrier shall endeavor to Deliver substantially the same type and quality of Crude Oil as that received from Shipper; however, Carrier shall not be obligated to Deliver the identical Crude Oil received by Carrier. A Common Stream Shipper recognizes that if a Carrier transports, at Shipper's request, less than a 40,000 barrel batch of Crude Oil, proportionally greater changes in quality and/or gravity may occur than during transportation of larger batches.
- 5.2 Crude Oil in Transit.** Crude Oil Tendered for transportation will be received by Carrier only on the condition that it will be subject to such changes in gravity (density) or quality while in transit as may result from the transportation thereof, or the mixture of said Crude Oil with other Crude Oil in Carrier's Facilities. Carrier shall not be liable for any consequential loss or damage resulting from an alteration in gravity (density) or quality of Crude Oil transported by Carrier.

Variations in gravity and/or quality of Crude Oil are inherent in Common Stream operations. Accordingly, Carrier will not be liable for such variations occurring while the Crude Oil is in its custody, nor is Carrier under any obligation to Deliver the identical Crude Oil received, but will make Delivery out of such Common Stream.

- 5.3 Changes in Specifications and Types of Crude Oil Permitted.** Notwithstanding the provisions of Item 5.2 hereof, if the Crude Oil Tendered is of a type or quality not being currently transported through Carrier's Facilities, but subject to such Crude Oil meeting the standards set out in Item 4 of these Rules and Regulations, Carrier may, as operating conditions permit, at the request of the Shipper, endeavor to transport and Deliver substantially the same type and quality of Crude Oil.
- 5.4 Operation.** Carrier will operate and transport Common Stream Shipments in accordance with its Rules and Regulations herein.

Common Stream Shipments. Carrier will work with connecting carriers regarding the quality of Carrier's Common Stream(s) and will advise such connecting carriers that any Crude Oil Tendered found to be a detriment to Carrier's Common Stream will be rejected for further transportation on Carrier's system.

- 5.5 Additional Common Streams.** With respect to Common Stream Shipments, after giving reasonable notice to Carrier's subscriber list, Carrier may, from time to time, undertake to transport other or additional grades of Crude Oil as a Common Stream at the request of a Shipper(s), provided that:

- i) Carrier shall not be liable to Shipper(s) for changes in the gravity or quality of such grades of Crude Oil while in transit;
- ii) The Crude Oil Tendered for transportation is made available at the Receipt Point(s) in sufficient quantity, as Carrier deems economically justifiable. After giving reasonable notice to Carrier's subscriber lists, Carrier may, from time to time, cease to transport certain grades of Crude Oil as a Common Stream between particular Receipt Points and Delivery Points on its Common Stream Facilities; and
- iii) When requested by a Shipper and if operationally feasible, Carrier will endeavor to segregate Crude Oil of a kind and/or quality not currently transported through Carrier's Facilities. If the Crude Oil is transported as a segregated stream, Carrier will to the best of its ability make Delivery of such Crude Oil at Delivery Point(s) which is substantially the same Crude Oil as that received by Carrier at Receipt Point(s). For such segregated streams, Shipper must provide Crude Oil in such quantities and at such specified times as may be necessary to permit such segregated movements to be transported via Carrier's existing facilities. Further, Carrier will not be liable for failure to Deliver the identical Crude Oil or for any variations in the gravity and/or quality of Crude Oil occurring while such segregated Crude Oil is in Carrier's custody

- 5.6 Buffers.** If a Shipper requests Carrier to transport Crude Oil which differs in grade and general characteristics from that usually transported by Carrier, Carrier may require the Shipper to supply buffers before and after its Batch of the type and quantities Carrier

prescribes. Carrier will provide to any such shipper a record of the type and volume of buffer(s) previously required under this Item for similar shipments by other Shippers.

6. Tenders and Quantities

- 6.1 Monthly Nominations.** On or before Carrier's Monthly Nomination Date, Shipper shall provide Carrier with a Nomination on the prescribed Nomination Form including the volume of Crude Oil to be shipped for the following Month, the Receipt Point(s), the Delivery Point(s) and type(s) of Crude Oil. Shipper shall, upon notice from Carrier, also provide written third-party verification of the availability of its supply of Crude Oil and of its capability to remove such Crude Oil from the Delivery Point(s) as may be required by Carrier in support of such Shipper's Nomination. Carrier shall not be obligated to accept Shipper's Nomination where such verification is unacceptable to Carrier.
- 6.2 Tenders.** A Shipper desiring to Tender Crude Oil for transportation shall make such Tender in accordance with Carrier's established Tender process. If Shipper is unable to remove from the Delivery Point(s) the volume of Crude Oil to be Tended, Carrier may reduce the amount of Crude Oil accepted from Shipper for transportation to the amount which Shipper has verified to Carrier's satisfaction that it will be able to remove from the Delivery Point(s).
- 6.3 Ratability.** A Tender will be accepted only when the total quantity covered thereby will be delivered to Carrier at a Receipt Point for transportation within said Month at a daily rate or in quantities and at times to be specified or accepted by Carrier.
- 6.4 Minimum Tender and Delivery.** Tenders for the transportation of Crude Oil for which the Carrier has Facilities will be accepted into the System under this Tariff in quantities of not less than ten thousand (10,000) Barrels aggregate from one or more Shippers as operations permit and, provided such Crude Oil is of similar quality and characteristics as is being transported from Receipt Point to Delivery Point. The Carrier is not obligated to transport Crude Oil until it has received for the account of one or more Shippers, for Delivery to a single destination in a common batch, a quantity aggregating not less than twenty-five thousand (25,000) Barrels of the same quantity of Crude Oil within a two (2) Month period or of different qualities to be commingled, provided that the Shippers and Carrier agree to said commingling
- 6.5 Late Nominations.** Subject to the provisions of Item 13, if space is available and operating circumstances permit, Carrier may, at its discretion, accept Nominations, or revised Nominations after the Carrier's Monthly Nomination Date.
- 6.6 Working Stock.** Shipper shall supply its proportionate share of Working Stock by types and volumes as determined from time to time by Carrier.
- 6.7 Flow Rates and Volumes.** Carrier will normally take full stream receipts at the Receipt Point(s) and will make full stream Deliveries of Crude Oil at the Delivery Point(s) at flow rates and volumes compatible with Carrier's operations. Carrier may take less than full stream receipts at the Receipt Point(s) provided that, in Carrier's discretion, such Crude Oil can be received into Carrier's Facilities without disrupting Carrier's operations. Shipper shall provide, or arrange for, the facilities necessary to promptly remove the Crude Oil at the named Delivery Point(s) at flow rates, volumes and pressure designated by the Carrier.

7. Application of Rates

- 7.1 Effective Rates.** Crude Oil accepted for transportation shall be subject to the rates in effect on the date of receipt of such Crude Oil by Carrier, irrespective of the date of Nomination(s).
- 7.2 Intermediate Points.** In accordance with the requirements of 18 CFR Section 341.10, Crude Oil accepted for transportation from/to a point on the Carrier's lines not named in the tariff will be deemed to have been received/Delivered at the next more distant point named in the Tariff for the purpose of determining the rate to be charged.

8. Payment of Tariff Charges and Lien for Unpaid Charges

- 8.1** Shipper shall pay to Carrier rates in accordance with the Tariff in effect on the day the shipment is received by Carrier for transportation on or before the Payment Due Date. By the Tenth (10th) Day of the Month following Delivery, Carrier will provide Shipper a Monthly Invoice detailing:
- (i) the charges payable to Carrier pursuant to the Tariff for Shipper's trunk line volumes Delivered during the previous Month and gathering volumes received during the previous Month, and
 - (ii) any other charges for which Shipper is liable under the Tariff:
- Provided, however, that as to Common Stream Shipments, this item applies except as to the calculation and invoicing of gravity bank payments, which are governed by Item 24.6.
- 8.2** In addition to any other remedies available to Carrier under the Tariff, at law or in equity, Carrier shall have a lien on all Crude Oil in its possession belonging to Shipper to secure the payment of any and all unpaid transportation or other lawful charges that are due Carrier and unpaid by Shipper, and Carrier may withhold such Crude Oil from Delivery until all unpaid charges shall have been paid.

- 8.3** Should Shipper fail to pay all of the amount of any invoice as herein provided on or before the Payment Due Date, interest on the unpaid portion of the invoice accrues daily at a rate of interest per annum equal to the rate specified in 18 C.F.R. § 340.1(c)(2) and the principal and accrued interest to date shall be payable and due immediately upon demand. If such failure to pay continues for ten (10) days after the Payment Due Date, Carrier, in addition to any other remedy it may have under the Tariff, at law or in equity, may suspend further receipt of Crude Oil until such amount is paid PROVIDED HOWEVER, that if Shipper in good faith disputes the amount of any such invoice or part thereof and pays to Carrier such amounts as it concedes to be correct, and at any time thereafter within twenty (20) days of a demand made by Carrier furnishes good and sufficient financial assurances, guaranteeing payment to Carrier of the amount ultimately found due upon such invoice after a final determination reached either by agreement, arbitration or judgment of the courts, as may be the case, then Carrier shall not be entitled to suspend further receipt of Crude Oil because of such nonpayment unless and until default be made in the conditions of financial assurances.
- 8.4** If said charges remain unpaid ten (10) days after notice and demand therefore, Carrier shall have the right to sell through an agent, any Crude Oil delivered to Carrier by the Shipper and then in the custody of Carrier or its agent or otherwise traceable and lienable by Carrier, at public auction from any office of Carrier on any Day not a legal holiday, provided that the auction takes place not less than forty-eight (48) hours after the publication of notice of such sale in a daily newspaper of general circulation published in the area of the proposed sale, stating the time, place of sale and quantity and location of Crude Oil to be sold. Subject to Items 4.6 and 9.2, Shipper covenants and agrees not to dispose of its Crude Oil other than subject to the lien afforded Carrier hereby. At said sale Carrier shall have the right to bid and, if the highest bidder, to become the purchaser. From the proceeds of said sale Carrier will pay itself the transportation and all other lawful charges, including reasonable storage charges pending sale and expenses incident to said sale, and the balance remaining, if any, shall be held in trust for whomever may be lawfully entitled thereto, without the obligation to pay interest thereon. Any such funds may be commingled in any other account or accounts maintained by Carrier from time to time.

9. Delivery and Acceptance

- 9.1** Carrier will Deliver Crude Oil with reasonable diligence and dispatch, and Shipper shall accept and remove its Crude Oil from the Facilities of Carrier upon Delivery of the Crude Oil.
- 9.2** If, after 24 hours' notice, Shipper fails to remove its Crude Oil from the Delivery Point or from the custody of Carrier upon Carrier's Delivery, then, in addition to all other applicable charges, Shipper shall pay a storage fee of **[I]** 1.80¢ per barrel per 24 hours for each barrel left in Carrier's system over Shipper's required pro rata share of Crude Oil necessary to ensure efficient operation of Carrier's pipeline system.
- In addition to any other remedy it may have under the Tariff, at law or in equity, Carrier shall have the right to clear its line and sell such Crude Oil in such lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, removal and sale of such Crude Oil. The remainder of such proceeds, if any, shall be held by Carrier for the shipper and any other party lawfully entitled to such proceeds.
- 9.3** With respect to Common Stream Facilities when both receipt from and/or Deliveries to a connecting carrier of substantially the same grade of Crude Oil in the Common Stream are scheduled at the same interconnection, Carrier reserves the right to offset like volumes of such Crude Oil.

10. Liability of Shipper

- 10.1** If the Crude Oil is not removed from Carrier's Facilities upon the Delivery, and a disruption of the Carrier's operations results, Shipper shall be solely responsible for all costs or losses to Carrier associated with such disruption, including loss of revenue resulting therefrom, unless the non-removal of such Crude Oil is due to the negligence of Carrier.
- 10.2** Shipper shall indemnify Carrier for any damages, losses, costs or consequential losses incurred by Carrier or any other party as a result of such Shipper's failure to comply with any provision of the Tariff, unless Shipper's failure to comply is due to the negligence of Carrier.
- 10.3 Spill Compensation** In addition to the transportation charges and all other charges accruing on Crude Oil accepted for transportation, 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 commodity, 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 commodities within their jurisdiction 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 loss therefrom.

11. Liability of Carrier

- 11.1** Carrier shall not be liable to Shipper for any losses, damages, consequential losses or damages unless as a result of Carrier's negligence.
- 11.2** If damage to or loss of Crude Oil results from any cause other than the negligence of Carrier while Carrier is in possession or control of such Crude Oil, then Shipper(s) whose Crude Oil has been Tendered to the Carrier and scheduled for transportation over that segment of the system in which the loss occurs shall bear such loss in the same proportion that the amount of its Tendered

Crude Oil scheduled for transportation over such segment at the time of the loss bears to the total amount of Crude Oil then Tendered and scheduled for transportation over such segment. Such Shipper(s) shall be entitled to receive only such remaining portion of its Tender as is left after deducting its due portion of the loss.

12. Force Majeure

- 12.1** If either Carrier or Shipper fails to perform any obligations under the Tariff due to an event of Force Majeure, then such failure shall be deemed not to be a breach of such obligations.
- 12.2** The term “Force Majeure,” as employed herein and for all purposes relating hereto, shall mean any act of God, war, civil insurrection or disobedience, acts of public enemy, strikes, lockouts or other industrial disturbances, accidents, blockades, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, floods, civil disturbances, the act, regulation, order, direction or requisition of any governmental or other authority having jurisdiction, or other cause whether of the kind enumerated or otherwise which is beyond the control of the applicable Party and which by the exercise of due diligence such Party is unable to prevent or overcome. No event of Force Majeure shall relieve any Shipper from its obligations to make payments to Carrier unless the event of Force Majeure occurs on Carrier’s Facilities.
- 12.3** Notwithstanding Items 12.1 and 12.2, the following shall not be events of Force Majeure:
- (i) insufficiency of Shipper’s Crude Oil supplies; or
 - (ii) Shipper’s lack of funds.
- 12.4** A Party that fails to perform any obligation(s) under the Tariff where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is reasonably able to do so, provided that the terms of the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the Party claiming suspension of its obligations hereunder by reason thereof.
- 12.5** Notwithstanding the above provisions, no event of Force Majeure shall:
- (i) relieve any Party from any obligation or obligations unless such Party gives notice with reasonable promptness of such event to the other Party; or
 - (ii) relieve any Party from any obligation or obligations after the expiration of a reasonable period of time within which, by the use of its due diligence, such Party could have remedied or overcome the consequences of such event of Force Majeure.

13. Prorationing

- 13.1 Pro Rata Allocation** Following the receipt of Nominations for a given Month, Carrier shall determine the capacity available in that Month. In the event that Nominations for that Month exceed the capacity available, such capacity shall be allocated to Shippers on a pro rata share of capacity basis. “Pro rata share of capacity” means the quantity of transportation service allocated to Shipper in a Month whereby such allocation equals the product of the capacity of Carrier available for transportation service, times a fraction; the numerator of that fraction is the Shipper’s Nomination and the denominator is the total of all Shippers’ Nominations in that Month.

14. Crude Oil Involved in Legal Disputes

- 14.1** Crude Oil which is in any way subject to litigation, or the ownership of which may be in dispute, or which is subject to a lien or charge of any kind, may not be Tendered by Shipper or accepted by Carrier for transportation unless and until the Shipper shall furnish a bond or other form of indemnity satisfactory to Carrier against any liability or loss arising as a result of such litigation, dispute, lien or charge.

15. Claims, Suits and Time for Filing

- 15.1** As a condition precedent to recovery, claims for loss or damage, in connection with the transportation of Crude Oil Tendered for shipment under the Tariff, must be submitted in writing to Carrier within nine (9) months after Delivery of the Crude Oil or, in the case of failure to make Delivery, then within nine (9) months after a reasonable time for Delivery has elapsed; and suits arising out of such claims must be instituted against Carrier within two (2) Years from the date when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any parts or part thereof specified in the notice. Claims advanced beyond such two (2) Year period shall be null and void as between Shipper and Carrier. In causing Crude Oil to be transported under the Tariff, the Shipper agrees to be bound by the provisions of this clause and waives any rights which it might otherwise have at law, equity or otherwise, to make a claim after the expiration of said period of nine (9) months or to bring an action after the expiration of the said period of two (2) Years.

16. Measurements

- 16.1** The volumetric measurement base of all Crude Oil referred to in the Tariff shall be one (1) Barrel.
- 16.2** All Crude Oil received by Carrier for transportation shall be measured and tested by a representative of Carrier prior to its receipt in the Carrier’s system. The Shipper may have a representative present at the gauging or metering and testing. If tank tables are used, quantities will be computed from regularly compiled tank tables showing one hundred percent (100%) of the full capacity of the

tanks. Whenever there is substantial evidence of meter malfunctions in a custody transfer measurement, the Parties involved in the custody transfer shall negotiate an appropriate adjustment on the basis of the most reliable and accurate information available. Such adjustments may only be claimed for a period of up to ninety (90) days after the date of discovery of the meter malfunction. Failing negotiated agreement of an appropriate adjustment, the matter shall be referred to arbitration for final determination pursuant to the *Commercial Arbitration Rules of the American Arbitration Association*.

- 16.3** All Crude Oil shall be received and Delivered with documented meter tickets.
- 16.4** All measurement procedures are to be conducted in accordance with API/ASTM standards and pipeline industry practice or such other tests as may be agreed upon by Carrier and Shippers.
- 16.5** Pursuant to Item 11, Crude Oil quantities transported will 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 on applicable tariff movements to cover evaporation, interface losses, and other normal losses during transportation.
- 16.6** Carrier's representative, upon reasonable notice to Shipper, shall have the right to enter upon the Shipper's premises or the premises of a third party that is utilized by a Shipper where Crude Oil is stored and have access to any and all tankage for the purpose of making any examination, inspection, measurement, or test provided for under these Rules and Regulations.

17. Representation and Warranties

- 17.1** Carrier represents and warrants that it shall operate its Facilities on a common carrier basis, providing transportation for remuneration without undue discrimination among its Shippers, and that Carrier shall operate its Facilities in accordance with all applicable laws and orders, directions, rules, regulations and Tariffs as may be made by the F.E.R.C. or WYO. P.S.C. or such other body having jurisdiction over Carrier.
- 17.2** Shipper represents and warrants that: (i) it has in place for all Tendered Crude Oil all required approvals, permits and authorizations for the removal and transportation of Crude Oil hereunder; (ii) it owns or controls, has the right to Deliver or have Delivered for its account, the Crude Oil that is Delivered to Carrier; (iii) it shall indemnify and hold harmless Carrier against all claims, actions or damages arising from any adverse claims by third parties claiming ownership or an interest in the Crude Oil Delivered for transport to Carrier; and (iv) it will pay Carrier the charge(s) as derived herein by the Payment Due Date.

18. Governing Law

- 18.1** For interstate movements the Tariff is subject to the provisions of the Interstate Commerce Act or any other legislation passed in amendment thereto or substitution therefor. For intrastate movements the Tariff is subject to the provisions of the constitution and laws of Wyoming.

19. Financial Assurances

- 19.1** Carrier may at any time request and Shipper shall provide if Carrier so requests, financial security for the payment of the charges to be paid by Shipper to Carrier for transportation service ("Financial Assurances"). If requested, Shipper's Financial Assurances must be provided to Carrier prior to Carrier accepting Shipper's Nominations. Carrier shall thereafter have the option to refuse Nominations, in whole or in part, from Shipper until adequate Financial Assurances are provided. Shipper shall provide notice of any change in its financial situation that would adversely affect the Shipper's ability to pay Carrier for transportation service.
- 19.2** The Financial Assurances that Carrier may request from Shipper shall be limited to the following:
- (a) prepayment of the charges applicable to such volumes Nominated by Shipper or;
 - (b) an irrevocable letter of credit or such other equivalent financial guarantees satisfactory to Carrier, which Financial Assurances shall remain in effect until payment in full for all service has been received by Carrier, at which time Carrier shall, upon request, return and/or cancel such financial guarantee forthwith. The following must be acceptable to Carrier: (i) the terms of any letter of credit; (ii) the adequacy of any equivalent financial guarantees; and (iii) the identity of the issuing institution of any letter of credit or equivalent financial guarantee.

20. Storage

- 20.1** Contact Carrier about availability of non-jurisdictional storage.

21. Intrasystem Change in Ownership

- 21.1** Notice of change in ownership of Crude Oil will be recognized and recorded only at the origin point of a trunk line tariff movement and only on a monthly basis. Statements denoting ownership transactions will be provided to the applicable Transferors and transferees. The Carrier will not provide any information as to the quality of the Crude Oil subject to changes in ownership except for gravity on current receipts when requested. Each Transferor will be charged [I] 3.75¢ per barrel for recognizing and recording the change in ownership and, if required, shall pay said charge prior to the recognizing and recording of such change. The Transferor, at Carrier's option, shall provide an irrevocable letter of credit satisfactory to the Carrier prior to the recognizing and

recording. The recognition by the Carrier of a change in ownership of Crude Oil requires the recording thereof, and the Carrier is entitled to a lien for all such charges and fees.

The Carrier shall not be obligated to recognize and record changes in ownership of Crude Oil during any operating month unless the Transferor and transferee requesting the Carrier to recognize and record the change in ownership shall, each, on or before the twentieth (20th) day of the preceding calendar month provide written notice to the Carrier containing like data relative to the kind, quantity, source, location, Transferor and transferee of the Crude Oil. The Carrier shall not be obligated to accept any modification in said notice unless confirmed in writing by the Transferor and transferee on or before the last day of the calendar month preceding the operating month.

When the quantity of the Crude Oil received during the operating month is not equivalent to the quantity of the Crude Oil subject to the notice of change in ownership, the Carrier will recognize and record the change in ownership only to the extent of the quantity received.

A notice of change in ownership of Crude Oil shall be deemed: (1) a warranty that the Transferor has unencumbered title to the Crude Oil identified in its notice at the time of change in ownership, and (2) a representation that the change in ownership is effective on the first day of the operating month as of 7:00 o'clock a.m. (Mountain Standard or Mountain Daylight Saving Time, whichever is in effect on the date specified.)

The Carrier may, in the absence of adequate security, decline to recognize and record any change in ownership of Crude Oil.

22. Truck Loading and Unloading

22.1 Where trucks are loaded or unloaded on Carrier's main lines, a special handling charge of [I] 31.56¢ per barrel will be added to the trunk line rate in effect—unless otherwise specified by an individual tariff.

23. Title

23.1 A tender of Crude Oil for transportation shall be deemed a warranty of unencumbered title and merchantability at the time of tender. The Carrier may, in the absence of adequate security, decline to receive any Crude Oil for transportation.

24. Gravity Bank Adjustments

24.1 **General Provisions**, applicable to Common Stream Shipments. In order to provide a means whereby Shippers will not materially be disadvantaged or allowed to benefit due solely to changes in gravity as the result of commingling Crude Oil of different gravities within the Common Stream(s) in the system, Carrier has established a gravity bank to calculate, collect and remit just and nondiscriminatory monetary adjustments among all Shippers Tendering within a stream for changes in gravity which result from Common Stream operations. Each Common Stream will have at least one receipt bank and one Delivery bank. Each Shipper Tendering Crude Oil to the Common Stream Facilities is required to participate in the gravity bank. Each Shipper agrees that the Carrier is not liable under any circumstances whatsoever for the payment of any gravity bank adjustment for which another Shipper(s) has failed to make its required payment under this provision.

Each Shipper authorizes the Carrier to compute the adjustments among all Shippers for gravity differences. Each Shipper agrees to pay the Carrier the computed adjustments due by such Shipper in accordance with these Rules and Regulations.

Crude Oil will be received by Carrier and commingled in the appropriate Common Stream(s) as determined acceptable by Carrier. The current commingled Common Stream maintained by Carrier is Asphalt Sour.

Structure of Gravity Banks

24.2 **Gravity Value Formulae** Gravity values used herein are for the sole purpose of making the required calculations to effect the adjustments required and in no way affect or determine the price of Crude Oil. Gravity value formulae for use in determining differentials for gravity adjustments hereunder are as follows:

Gravity Value Formulae

Crude Group	Gravity Range, °API	Gravity Value, \$/Barrel
Asphalt Sour	10.0 - 33.9	2.000 + (°API-10.0)(0.20)
	34.0 - 35.9	6.800 + (°API-34.0)(0.04)
	36.0 - 39.9	6.880 + (°API-36.0)(0.02)
	40.0 - 44.9	6.960
	45.0 and above	6.945 - (°API-45.0)(0.15)

These formulae represent the gravity adjustment schedules used by the majority of the Crude Oil purchasers who have published postings for the listed Crude Oil transported by Carrier. The format used is independent of the price of Crude Oil. All Crude Oil gravities are to be recorded to the nearest one-tenth degree API for use in the formulae.

**Gravity Value Formulae
Asphalt Sour
Examples**

Tender "A"	Gravity is 17.5°, which is between 10.0° and 33.9°API. Gravity Value is: $2.000 + (17.5 - 10.0) (0.20)$	=	\$3.50
Tender "B"	Gravity is 23.1°, which is between 10.0° and 33.9°API. Gravity Value is: $2.000 + (23.1 - 10.0) (0.20)$	=	\$4.62
	The difference in Gravity Value between Tender "A" and Tender "B" is: $\$4.62 - \3.50	=	\$1.12
	This can be derived in another manner: Gravity Adjustment below 34° is \$0.02/0.1° API (23.1 - 17.5) (0.02/0.1)	=	\$1.12
	GRAVITY VALUE DIFFERENCE	=	\$1.12

24.3 Adjustments Adjustments among Shippers of Crude Oil for differences in gravity will be made for Crude Oil received into and Delivered from the commingled Common Stream operations of the Carrier's Common Stream Facilities. Adjustments will be made for each commingled Common Stream by location as set forth in Item 24.2, with such adjustments being effected by a process of debits and credits and interchange of funds among the Shippers involved in a particular gravity bank.

Where Crude Oil receipts and Deliveries can be segregated by individual Shipper, the applicable Tender gravity will be the one used in determining the gravity value. Where, however, Crude Oil is received or Delivered through common measuring points (for example, connecting common carriers) and more than one Shipper is shipping in the commingled Common Stream through such points, Carrier will determine if such receipt or Delivery can be segregated by individual Shipper. If such segregation cannot be made, then all Shippers shipping through such common measuring points in the commingled Common Stream will be credited with the weighted average gravity of the total commingled Common Stream at that location.

Adjustments will be made for each Shipper's volumes transported in a commingled Common Stream in the following manner:

The weighted average gravity value of a gravity bank will be determined for all Crude Oil being received into each commingled Common Stream and similarly for the Crude Oil being Delivered out of the Carrier's Common Stream Facilities from each commingled Common Stream. This value will be determined by dividing the total number of Barrels received (Barrels Delivered out for the Delivery calculations) in each commingled Common Stream into the sum total of the products obtained by multiplying each receipt (Delivery) volume in such stream by its appropriate gravity value. Each Shipper's gravity value will be determined by multiplying the quantity of Barrels received (or Delivered for Delivery calculations) in the applicable bank of the commingled Common Stream by the gravity value per Barrel obtained from the appropriate Crude Oil gravity value formulae.

24.4 Debits and Credits for Receipts by Carrier

- (i) The weighted average gravity value per Barrel of each Shipper's total Barrels received by Carrier for shipment in a commingled Common Stream will be computed as described in this item.
- (ii) The weighted average gravity value per Barrel of all Shippers' Barrels received by Carrier for shipment as a commingled Common Stream will also be computed in a similar manner, subject to the following:
 - (a) If the weighted average gravity value per Barrel of a Shipper as determined under (i) is greater than that determined under (ii), the Shipper will be credited an amount which shall be calculated by multiplying the differences in gravity value per Barrel by the total Barrels Delivered to Carrier by such Shipper for movement in the applicable bank of the commingled Common Stream.
 - (b) If the weighted average gravity value per Barrel of a Shipper as determined under (i) is less than determined under (ii), the Shipper will be debited an amount as calculated in (a) above.
- (iii) Calculations for receipts shall be made each calendar month.

**EXAMPLE OF TYPICAL RECEIPT BANK
FOR
ASPHALT SOUR COMMON STREAM**

SHIPPER	VOLUME BBLs	MEASURED GRAVITY °API	*GRAVITY VALUE \$/ BBL.	VOLUME x VALUE \$
A	10	16.4	3.2800	32.80
	20	20.8	4.1600	83.20
	<u>10</u>	23.4	<u>4.6800</u>	<u>46.80</u>
	40		4.0700	162.80
B	20	21.8	4.3600	87.20
	<u>20</u>	21.3	<u>4.2600</u>	<u>85.20</u>
	40		4.3100	172.40
C	5	14.0	2.7200	13.60
	5	16.0	3.2800	16.40
	5	20.0	4.2200	21.10
	<u>5</u>	25.0	<u>5.0000</u>	<u>25.00</u>
	<u>20</u>		<u>3.8050</u>	<u>76.10</u>
Total	<u>100</u>		<u>**4.1130</u>	<u>\$411.30</u>

*As calculated using the gravity value formulae

**Average Gravity Value of Receipts: \$4.1130

Shipper A's average gravity value is \$4.0700 which is lower than the \$4.1130 average.
Therefore, A pays $40(4.0700 - 4.1130) = \underline{-\$1.72}$

Shipper B's average gravity value is \$4.3100 which is higher than the \$4.1130 average.
Therefore, B receives $40(4.3100 - 4.1130) = \underline{+\$7.88}$

Shipper C's average gravity value is \$3.8050 which is lower than the \$4.1130 average.
Therefore, C pays $20(3.8050 - 4.1130) = \underline{-\$6.16}$

The sum of payments equals the sum of receipts.

24.5 Debits and Credits for Deliveries by Carrier

- (i) The weighted average gravity value per Barrel of each Shipper's total Barrels Delivered by Carrier at specific Delivery Points from a commingled Common Stream will also be computed as previously described in Item 24.4.
- (ii) The weighted average gravity value per Barrel of all Shippers' Barrels Delivered at specific Delivery Points by Carrier from a commingled Common Stream will also be computed, in a similar manner subject to the following:
 - (a) If the weighted average gravity differential value per Barrel of a Shipper as determined under (i) is greater than that determined under (ii), the Shipper will be debited an amount which shall be calculated by multiplying the differences in gravity value per Barrel by the total Barrels Delivered by Carrier from the applicable commingled Common Stream for such Shipper's account.
 - (b) If the weighted average gravity differential value per Barrel of a Shipper as determined in (i) is less than that determined under (ii) the Shipper will be credited with an amount as calculated in (a) above.
- (iii) Calculations for Deliveries shall be made each calendar month.

**EXAMPLE OF TYPICAL DELIVERY BANK
FOR
ASPHALT SOUR COMMON STREAM**

SHIPPER	VOLUME BBLs	MEASURED GRAVITY °API	*GRAVITY VALUE \$/ BBL.	VOLUME x VALUE \$
A	10	26.5	5.3000	53.00
	5	27.0	5.4000	27.00
	<u>10</u>	28.0	<u>5.6000</u>	<u>56.00</u>
	25		5.4400	136.00
B	10	27.5	5.5000	55.00
	20	29.0	5.8000	116.00
	<u>15</u>	28.5	<u>5.7000</u>	<u>85.50</u>
	45		5.7000	256.50
C	10	27.0	5.4000	54.00
	10	27.5	5.5000	55.00
	<u>10</u>	26.5	<u>5.3000</u>	<u>53.00</u>
	30		<u>5.4000</u>	<u>162.00</u>
Total	<u>100</u>		<u>**5.5450</u>	<u>\$554.50</u>

*As calculated using the gravity value formulae.

** Average Gravity Value of Deliveries: \$5.545

Shipper A receives a gravity value lower than the average value of \$5.545.

Therefore A receives payment $25(5.545 - 5.440) = \underline{+\$2.625}$

Shipper B receives a gravity value higher than the average value of \$5.545.

Therefore B pays $45(5.545 - 5.700) = \underline{-\$6.975}$

Shipper C receives a gravity value lower than the average value of \$5.545.

Therefore C receives payment $30(5.545 - 5.400) = \underline{+\$4.350}$

The sum of payments equals the sum of the receipts.

24.6 Payments The calculation of each Shipper's debits and credits will be made and a statement provided for each calendar month. The credit and debit balances will be adjusted between all Shippers by collecting funds from those Shippers having debit balances and by thereafter remitting funds so collected to the Shippers having credit balances. Carrier may, at its option, require the Shipper to pay all estimated obligations in advance or to provide an irrevocable letter of credit satisfactory to the Carrier for such obligations. Gravity bank payments are due on the date specified in the invoice. Carrier will pay out only the funds collected.

Gravity bank payments shall not be used as an offset to satisfy any other claim, by any Shipper, against sums due the Carrier for transportation costs or other fees and charges collected under Carrier's Tariffs.

All gravity bank payments due from Shippers shall be made in accordance with statement terms and these Rules and Regulations. Carrier is entitled to a lien for all unpaid charges and payments due hereunder. Such lien attaches to any Crude Oil retained by the Carrier for the Shipper's account. Should Shipper fail to pay all of the amount of any invoice as herein provided on or before the Payment Due Date, interest on the unpaid portion of the invoice accrues daily at a rate of interest per annum equal to the rate specified in 18 C.F.R. § 340.1(c)(2) and the principal and accrued interest to date shall be payable and due immediately upon demand. If such failure to pay continues for ten (10) days after the Payment Due Date, Carrier, in addition to any other remedy it may have under the Tariff, at law or in equity, may suspend further receipt of Crude Oil until such amount is paid PROVIDED HOWEVER, that if Shipper in good faith disputes the amount of any such invoice or part thereof and pays to Carrier such amounts as it concedes to be correct, and at any time thereafter within twenty (20) days of a demand made by Carrier furnishes good and sufficient financial assurances, guaranteeing payment to Carrier of the amount ultimately found due upon such invoice after a final determination reached either by agreement, arbitration or judgment of the courts, as may be the case, then Carrier shall not be entitled to suspend further receipt of Crude Oil or Crude Oil because of such non-payment unless and until default be made in the conditions of financial assurances.

If said charges remain unpaid ten (10) days after notice and demand therefore, Carrier shall have the right to sell through an agent, any Crude Oil delivered to Carrier by the Shipper and then in the custody of Carrier or its agent or otherwise traceable and lienable

by Carrier, at public auction from any office of Carrier on any day not a legal holiday, provided that the auction takes place not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the area of the proposed sale, stating the time, place of sale and quantity and location of Crude Oil to be sold. Subject to Items 4.6 and 9.2, Shipper covenants and agrees not to dispose of its Crude Oil or Crude Oil other than subject to the lien afforded Carrier hereby. At said sale Carrier shall have the right to bid and, if the highest bidder, to become the purchaser. From the proceeds of said sale Carrier will pay itself the transportation and all other lawful charges, including reasonable storage charges pending sale and expenses incident to said sale, and the balance remaining, if any, shall be held in trust for whomever may be lawfully entitled thereto, without the obligation to pay interest thereon. Any such funds may be commingled in any other account or accounts maintained by Carrier from time to time.

In the event any payment is made to a Shipper hereunder as determined by the Carrier and it is subsequently determined by any Federal or State court, administrative agency or other governmental entity having jurisdiction that no other Shipper was liable for the adjustment for which the payment was made, the Shipper receiving such payment shall upon receipt of an accounting Carrier, return the payment to the Carrier. Carrier shall promptly utilize such returned payment to reimburse all Shippers who made payments based on such adjustment.

Carrier shall acquire all information and data necessary to make the computations under this Item through direct measurements at the Common Stream Facilities of the Carrier. In the event such measurements become subject to dispute, Carrier reserves the right to acquire such additional information and data from connecting carriers as Carrier, in its sole discretion, shall determine to be beneficial in the resolution of such disputes. Shippers consent to the disclosure by the Carrier or its agent of all information and data necessary to make the computations under this item.

EXPLANATION OF REFERENCE MARKS

- [W] Change in wording only
- [I] Increase