

## **Bridger Pipeline LLC**

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### **CONTAINING RULES AND REGULATIONS GOVERNING THE TRANSPORTATION OF CRUDE PETROLEUM BY PIPELINE**

#### **GENERAL APPLICATION**

Carrier will undertake the transportation of Crude Petroleum, only as defined herein, receiving and delivering such Crude Petroleum through its own pipelines and pipelines of connecting carriers and not otherwise, subject to the rules and regulations contained in this tariff publication.

The rules and regulations published herein apply only under tariffs making specific reference by FERC number to this tariff and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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## Rules and Regulations

### Item No. 5. DEFINITIONS

"Barrel" as herein used means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

"Carrier" as herein used means Bridger Pipeline LLC.

"Consignor" - as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

"Consignee" - as herein used means the party to whom a Shipper has ordered the delivery of Crude Petroleum.

"Crude Petroleum" as herein used means the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil and gas wells including gasoline and liquefied petroleum gases, as provided in Item No. 40 (MIXTURES).

"Financial Assurances" as herein used means the Financial Assurances provided by Shippers and accepted by Carrier in accordance with Item No. 140 (FINANCIAL ASSURANCES).

"Mixed Sweet Stream" as herein used means a stream of qualifying crude petroleum which is 0.50 percent sulfur by weight or less.

"Shipper" as herein used means a party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of these rules.

"Tender" as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination in accordance with these rules.

### Item No. 10. TENDER, MINIMUM QUANTITY

Tenders for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier's system under these rules in quantities of not less than ten thousand (10,000) Barrels aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any quantity of Crude Petroleum from lease tanks or other facilities to which Carrier's facilities are connected if such quantity can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than ten thousand (10,000) Barrels, and Carrier will not be obligated to make any single delivery of less than ten thousand (10,000) Barrels, unless Carrier's operations dictate otherwise. The term "single delivery" as used herein means a delivery of Crude Petroleum in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.

### Item No. 15. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's pipeline system. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier, at its discretion, may require advance payment of transportation charges on the volumes to be cleared from Carrier's system, and any unpaid accounts receivable, before final delivery will be made.

Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.

**Item No. 20. TITLE**

The Carrier shall have the right to reject any Crude Petroleum, when Tendered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and it may require of the Shipper satisfactory evidence of its perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By Tendering Crude Petroleum, the Shipper warrants and guarantees that the Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

**Item No. 25. SPECIFICATION AS TO QUALITY RECEIVED**

No Crude Petroleum will be accepted for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through the Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's facilities.

Sediment and water limitations of a connecting carrier may be imposed upon Carrier when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.

Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum and if, in the opinion of Carrier, sufficient quantities are not Tendered or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.

If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, such Shipper will be excluded from further entry into applicable segments of the pipeline system until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its pipeline system. 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 introducing the contaminated Crude Petroleum into Carrier's system.

**Item No. 30. COMMON STREAM CRUDE PETROLEUM - CONNECTING CARRIERS**

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline, 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. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Crude Petroleum.

**Item No. 31. SEGREGATED SHIPMENTS, BUFFERS**

When requested by one or more shippers, and if operationally feasible in Carrier's sole determination, Carrier will endeavor to segregate a batch of crude petroleum of a certain kind and/or quality on the condition that all requesting shipper(s) shall supply buffers before and after the batch in proportion to the

amount of each shipper's share of said batch. Said buffers shall be crude oil of the type and in the quantities specified by Carrier in order to prevent changes in the quality of preceding and subsequent crude oil. Carrier will make delivery at destination of said buffers and batch, which batch Carrier will endeavor to keep as substantially the same crude petroleum as that received by Carrier at the origin, but Carrier shall not be liable for failure to deliver the identical crude petroleum or for variations in the gravity and/or quality of crude petroleum occurring while such batch is in Carrier's custody. Consignee(s) shall accept at destination such leading and trailing buffers as mixed in transit together with its batch. Neither shall Carrier be liable for variation in the gravity and/ or quality of crude in prior or subsequent trailing batches.

#### **Item No. 35. SHIPMENTS, MAINTENANCE OF IDENTITY**

Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit. Carrier is not obligated to deliver to Shipper the identical Crude Petroleum tendered by Shipper; Carrier will deliver the grade of crude petroleum it is regularly transporting as a common stream.

Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream.

#### **Item No. 40. MIXTURES**

The indirect liquid products of oil and gas wells, including gasoline and liquefied petroleum gases, hereinafter referred to as indirect products, will be accepted and transported as a mixture with the direct liquid products of oil wells, hereinafter referred to as direct products, provided that the vapor pressure of the resulting mixture does not exceed that permitted by Carrier's facilities and operating conditions.

The indirect products portion of the mixture will be accepted for transportation at reception points other than the one at which the direct products portion of the same mixture is received, provided that the Shipper, Consignee, and destination are the same, and that operating conditions and the Carrier's facilities permit the indirect products portion to be mixed with the direct products of the same Shipper or Consignee.

Mixtures will be transported and delivered as Crude Petroleum only. Nothing in this rule is to be construed to waive provisions of Item No. 35 (SHIPMENTS, MAINTENANCE OF IDENTITY) of these rules or to require the Carrier to receive, transport, and deliver unmixed indirect products. However, unmixed indirect products may be transported for subsequent mixing with direct products in accordance with this rule where facilities exist and operations permit transporting such indirect products.

#### **Item No. 42. COMPLIANCE WITH OSHA REGULATIONS**

When OSHA regulations require the presence of a second Carrier employee at a site because of H<sub>2</sub>S levels, an additional fee of 13.79 Cents (\$ 0.1379) per barrel will be assessed and collected. This fee may be waived if Producer or Shipper provides a permanent alternative mechanism to comply with such rules. Any alternative must be approved and agreed to by Bridger Pipeline LLC.

#### **Item No. 45. ADDITIVES**

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants or other such additives in Crude Petroleum to be transported.

#### **Item No. 50. DUTY OF CARRIER**

Carrier shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation and other material elements. Carrier can not commit to delivering Crude Petroleum to a particular destination, at a particular time.

**Item No. 55. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER**

Where Consignor (or Shipper) elects to deliver Crude Petroleum to the Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), the Consignor (or Shipper) shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must be approved by the Carrier and any appropriate regulatory body. In the event automatic custody transfer is made by meters, the Consignor (or Shipper) shall also furnish whatever pumping service is necessary to insure that the Crude Petroleum being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

**Item No. 60. DESTINATION FACILITIES REQUIRED**

The Carrier will accept Crude Petroleum for transportation only when the Shipper or Consignee has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the destination.

**Item No. 65. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE**

The obligation of the Carrier is to deliver the quantity of Crude Petroleum to be transported, less deductions, at the specified destination. Such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee who shall accept and receive said Crude Petroleum from the Carrier with all possible dispatch into tanks or receptacles arranged for or provided by the Shipper or Consignee.

Commencing after the first seven o'clock a.m., after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be .71 Cents (\$0.0071) per Barrel per day for each day of 24 hours or fractional part thereof. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only.

If the Shipper, or Consignee, is unable or refuses to receive said Crude Petroleum as it arrives at the specified destination, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by the Shipper or Consignee.

**Item No. 70. GAUGING, TESTING AND DEDUCTIONS**

Crude Petroleum shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions.

When, in Carrier's opinion, a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.

Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.

One of the following pipeline loss allowance will be used when specifically referenced in the tariff.

Option 1

A deduction of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 2

No deduction will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 3

Quantities transported will be adjusted to allow for inherent losses, including but not limited to shrinkage, evaporation, interface losses and other losses. Pipeline loss adjustments will be made on the basis of total quantities transported.

Option 4

A deduction of one-tenth of one percent (0.1%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 5

A deduction of fifteen hundredths of one percent (0.15%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 6

A deduction of twenty-five hundredths of one percent (0.25%) will be made to cover evaporation, interface losses, and other normal losses transportation.

Option 7

A deduction of three-tenths of one percent (0.3%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 8

A deduction of thirty-five hundredths of one percent (0.35%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 9

A deduction of one-half of one percent (0.5%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

All receipts of Crude Petroleum and indirect liquid products having an API gravity of 45 degrees or above shall also be subject to a deduction to cover the shrinkage and incremental evaporation resulting from the mixture thereof, in Carrier's facilities, with Crude Petroleum having an API gravity of 44.9 degrees or less. Such deduction shall be determined in accordance with the following table:

<b>API Gravity, Degrees</b>	<b>Deduction for Incremental Evaporation &amp; Shrinkage</b>
45 through 54.9	0.5%
55 through 64.9	1.0%
65 through 74.9	1.5%
75 and above	2.0%

After consideration of all of the factors set forth in this Item No. 70, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

**Item No. 76. PRORATIONING**

I. When Carrier determines that the aggregate Initial Nominations of Petroleum exceed Available Capacity during the month immediately prior to the production month on a line segment, the allocation of Available Capacity shall be subject to prorationing, and Carrier shall notify in writing by electronic mail each nominating Existing Shipper of its Existing Shipper Allocation and each nominating New Shipper of its New Shipper Allocation. By 2 P.M. Mountain Time, on the next business day after such notification: (1) each nominating Existing Shipper will submit a revised nomination for that line segment that is equal to or less than such shipper's Existing Shipper Allocation and (2) each nominating New Shipper will submit a revised nomination for that line segment that is equal to or less than such shipper's New Shipper Allocation. If Carrier does not receive a Shipper's Binding Nomination by the specified time, Carrier will deem Shipper to have conclusively agreed to the Shipper's allocation by Carrier. Each Shipper's revised nomination or revised deemed nomination shall be its "Binding Nomination." If the aggregate of the Binding Nominations by Existing Shippers is less than the Existing Shippers' portion of Available Capacity, Carrier shall distribute the unused capacity for the applicable line segment on a per capita basis among Existing Shippers that are not subject to capped Initial Nominations pursuant to Subpart (4)(b) of this Item No. 76 for the production month to which the Initial Nominations apply; if the aggregate of the Binding Nominations by New Shippers is less than the New Shippers' portion of the Available Capacity, Carrier shall distribute the unused capacity for the applicable line segment on a per capita basis among New Shippers that are not subject to capped Initial Nominations pursuant to Subpart (4)(b) of this Item No. 76 for the production month to which the Initial Nominations apply. If there still remains unused Existing Shipper capacity on the applicable line segment, such capacity will be distributed on a per capita basis to Existing Shippers that are subject to capped Initial Nominations pursuant to Subpart (4)(b) of this Item No. 76 for the production month to which the Initial Nominations apply. If there still remains unused New Shipper capacity on the applicable line segment, such capacity will be distributed on a per capita basis to New Shippers that are subject to capped Initial Nominations pursuant to Subpart (4)(b) of this Item No. 76 for the production month to which the Initial Nominations apply. Any Shipper accepting additional capacity must amend its Binding Nomination with an "Amended Binding Nomination" reflecting the increased allocation to the Shipper. If the aggregate Binding or Amended Binding Nominations are less than Available Capacity following implementation of this process, the pipeline segment will no longer be in apportionment and Subpart (4) of this Item No. 76 shall not apply with respect to the production month applicable to this allocation process. If the aggregate Binding or Amended Binding Nominations are equal to Available Capacity following implementation of this process, Subpart (4) of this Item No. 76 shall apply with respect to the production month applicable to this allocation process.

When Carrier determines that the aggregate Initial Nominations of Petroleum do not exceed Available Capacity during the month immediately prior to the production month on a line segment, Carrier shall allocate the unused capacity for the applicable line segment on a per capita basis to Shippers that are subject to capped Initial Nominations pursuant to Subpart 4(b) of this Item No. 76 for the production month to which the Initial Nominations apply. By 2 P.M. Mountain Time, on the next business day after such allocation, each nominating Shipper subject to capped Initial Nominations pursuant to Subpart 4(b) of this Item No. 76 for the production month to which the Initial Nominations apply will submit a revised nomination for that line segment that is equal to or less than its allocation. If Carrier does not receive a response from Shipper by the specified time, Carrier will deem Shipper to have conclusively agreed to the Shipper's allocation by Carrier. Each Shipper's revised nomination or revised deemed nomination shall be its "Binding Nomination." If the aggregate Binding Nominations are less than Available Capacity following implementation of this process, the pipeline segment will no longer be in apportionment and Subpart (4) of this Item No. 76 shall not apply with respect to the production month applicable to this allocation process. If the aggregate Binding Nominations are equal to Available Capacity following implementation of this process, Subpart (4) of this Item No. 76 shall apply with respect to the production month applicable to this allocation process.

(1) Existing Shippers: The percentage of Available Capacity to be allocated to each Existing Shipper will be calculated by using data from the Base Period and dividing the sum of the shipments made for the account of each Existing Shipper on such line segment in the Base Period by the total shipments made for all Shippers on such line segment during the Base Period. The resulting percentages will then be

applied to the line segment to determine the capacity allocation for each Existing Shipper (“Existing Shipper Capacity Allocation”). Each Existing Shipper will receive the lesser of its actual nomination or its Existing Shipper Capacity Allocation, the lesser of which is the “Existing Shipper Allocation.” The Existing Shipper Allocation will be subject to pro rata reduction on the basis of the percentages calculated in this Paragraph (1), if required, to accommodate New Shippers.

(2) New Shippers: Up to two and one-half percent (2.5%) of Available Capacity on a line segment will be allocated to each New Shipper, subject to a cap of ten percent (10%) of Available Capacity for all New Shippers. During periods of prorating, New Shippers will be allocated pipeline capacity as follows:

(i) 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 two and one-half percent (2.5%) of Available Capacity or its nominated volume (“New Shipper Allocation”).

(ii) In the event that four (4) or more New Shippers have submitted nominations for the affected line segment, the nominated volumes for each New Shipper shall be totaled and divided into ten percent (10%) of the Available Capacity. The resulting percentage shall be the initial New Shipper Proration Factor. Each New Shipper will be allocated pipeline segment capacity equal to the lesser of:

(a) two and one-half percent (2.5%) of Available Capacity, or

(b) its nominated volumes, or

(c) its nominated volumes multiplied by the initial New Shipper Proration Factor (also “New Shipper Allocation”).

(3) For purposes of Carrier’s prorating policies, the following definitions will be applicable:

(i) “Available Capacity” – The total capacity of the applicable pipeline segment usable to transport Crude Petroleum in a given month, given operating conditions in that month.

(ii) “Base Period” – The “Base Period” is the 12-month period beginning 13 months prior to the month of prorating.

(iii) “Deficient Volume” – The actual barrels delivered to Carrier when a shipper delivers to Carrier a volume of barrels less than ninety percent (90%) of the greater of its Binding Nomination or its Amended Binding Nomination, as applicable, which is not caused by an event of Force Majeure.

(iv) “Existing Shipper” – A shipper that has tendered Crude Petroleum or petroleum products for transportation on a specific line segment during the entirety of the Base Period.

(v) “Existing Shipper Allocation” – The lesser of each Existing Shipper’s actual nomination or its Existing Shipper Capacity Allocation as calculated pursuant to the formula set forth in Paragraph (1) of this Item.

(vi) “Existing Shipper Capacity Allocation” – The capacity allocation for a line segment for each Existing Shipper calculated pursuant to the formula set forth in Paragraph (1) of this Item.

(vii) “Force Majeure” – an event which is unforeseen, and beyond the control of the shipper, that either prevents the Shipper from delivering all of the Allocated Nomination to Carrier or prevents the Carrier from accepting all of the Allocated Nomination from Shipper. Examples of Force Majeure events are earthquakes, floods; landslides; riots; sabotage; acts of public enemies; war; blockades; insurrections; epidemics; an act by any governmental authority claiming jurisdiction to curtail such delivery, inability of Carrier to accept all of the Allocated Nomination; fire; explosion; breakdown or failure of pipe or equipment; absence of sufficient electric power. Shipper’s lack of funds; state-imposed frost laws; election to go to a different market; rejection of non-conforming petroleum, by way of examples, do not constitute events of Force Majeure.

(viii) "Initial Nomination" – A shipper's first nomination for a given month.

(ix) "New Shippers" – A Shipper that tenders Crude Petroleum or petroleum products for transportation on a specific line segment that does not qualify as an Existing Shipper, as defined in this Item, Paragraph (3).

(x) "New Shipper Allocation" – (a) The lesser of: (A) two and one-half percent (2.5%) of Available Capacity or (B) the New Shipper's nominated volume as set forth in Paragraph (2)(i) or (b) The lesser of: (A) two and one-half percent (2.5%) of Available Capacity, or (B) the New Shipper's nominated volumes, or (C) the New Shipper's nominated volumes multiplied by the initial New Shipper Proration Factor.

(xi) "New Shipper Proration Factor" – The percentage calculated by totaling the nominated volumes for all New Shippers and divided into ten percent (10%) of the Available Capacity as set forth in Paragraph (2)(ii) of this Item.

(xii) "Penalty Volume" – The volume of barrels equal to the difference between the Binding Nomination or the Amended Binding Nomination, whichever is greater, and the Deficient Volume.

(4) During a production month in which Carrier is required to pro-rate under this rule, if any Existing or New Shipper delivers to Carrier a volume of barrels equal to or more than ninety percent (90%) of the greater of its Binding Nomination or its Amended Binding Nomination as to each applicable line segment, the Shipper shall be considered to have met its Binding Nomination or Amended Binding Nomination. During a month in which Carrier is required to pro-rate under this rule, with respect to each applicable line segment, if any New or Existing Shipper delivers to Carrier a volume of barrels less than ninety percent (90%) of the greater of its Binding Nomination or Amended Binding Nomination which is not caused by an event of Force Majeure or by failure to provide Financial Assurances in accordance with Item No. 140 (FINANCIAL ASSURANCES) ("Deficient Tender") the following penalties shall apply during any rolling 12-month period:

(a) Upon the first Deficient Tender on a line segment during such rolling 12-month period, Shipper shall be invoiced for and pay for its delivered volumes for that month, plus the product of the rate applicable to the Binding Nomination or, where applicable, the Amended Binding Nomination, and the Penalty Volume.

(b) Upon the second Deficient Tender on a line segment during such rolling 12-month period: (1) Shipper shall be invoiced for and pay for its delivered volumes for that month, plus the product of the rate applicable to the Binding Nomination or, where applicable, the Amended Binding Nomination, and the Penalty Volume and (2) Shipper's Initial Nomination for the three (3) consecutive months beginning the first complete month after the second Deficient Tender becomes known to Carrier shall be limited to the Deficient Volume; provided, however, that the penalty set forth in Section 4(c) below with respect to the third Deficient Tender shall apply if a third Deficient Tender occurs during the referenced three-month period. Provided, however, that Shipper's Initial Nominations during any month of this three (3) consecutive month period shall not be limited to the Deficient Volume under the circumstances set forth in Section I of this Item No. 76.

(c) Upon the third Deficient Tender on a line segment and for any Deficient Tender thereafter during such rolling 12-month time period: (1) Shipper shall be invoiced for and pay for its delivered volumes for that month, plus the product of the rate applicable to the Binding Nomination or, where applicable, the Amended Binding Nomination, and the Penalty Volume and (2) Shipper shall be prohibited from submitting for one month any nomination for transportation of Crude Petroleum on the line segment to which the Deficient Tender applies beginning the first complete month after the third Deficient Tender or any Deficient Tender thereafter becomes known to Carrier during any rolling 12-month period.

#### **Item No. 80. APPLICATION OF RATES & CHARGES**

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Petroleum by the Carrier. Trunk line transportation and all other lawful charges will be

collected on the basis of the net quantities of Crude Petroleum delivered. Gathering charges will be collected on the basis of net quantities of Crude Petroleum received. All net quantities will be determined in the manner provided in Item No. 70 (GAUGING, TESTING AND DEDUCTIONS).

**Item No. 85. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS**

For Crude Petroleum accepted for transportation from any point on Carrier's lines not named in a particular tariff, which is intermediate to a point from which rates are published in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply. For Crude Petroleum accepted for transportation to any point not named in a particular tariff which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply.

**Item No. 90. CHARGE FOR COMPENSATION FUND FEES INCURRED BY COMPANY**

In addition to all other charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local agency for the purpose of creating a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations.

**Item No. 95. TANKER AND BARGE LOADING AND UNLOADING**

Carrier will receive or deliver Crude Petroleum across its dock facilities from both tankers or barges where dock facilities are equipped to handle tankers or barges. Shippers shall indemnify and hold Carrier harmless against any and all claims (whether made by the vessel owner or any other party) for demurrage or any other charges arising out of any delay of such vessel.

**Item No. 100. PAYMENT OF TRANSPORTATION AND OTHER CHARGES**

**[W]** (a) Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and if required, shall furnish Financial Assurances satisfactory to Carrier in accordance with Item No. 140 (FINANCIAL ASSURANCES) of this tariff. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to 125% of the prime rate as quoted by a major New York bank. Carrier shall have a lien on all Crude Petroleum accepted for transportation to cover payment of all charges, including demurrage and late charges and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days after notice of readiness to deliver, the Carrier may sell the Crude Petroleum at public auction. Carrier shall have a lien on Crude Petroleum when there shall be failure to take the Crude Petroleum at the point of destination as provided in Item No. 65 (NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE). Carrier shall have the right to sell said Crude Petroleum at public auction, for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after the Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

(b) Carrier may, with or without notice to Shipper, appoint agent(s) to retain possession of Shipper's Crude Petroleum on behalf of Carrier for the purpose of enforcing the general lien described in this Item.

**Item No. 105. DIVERSION**

Subject to Item No. 10 (TENDER, MINIMUM QUANTITY), change in destination or routing will be permitted without additional charge, on written request from the Shipper, provided an applicable tariff is in effect for any requested destination or routing, and provided that no back-haul is required.

**Item No. 110. LIABILITY OF CARRIER**

The Carrier while in possession of any of the Crude Petroleum herein described shall not be liable for any loss thereof, damage thereto, or delay, except to the extent that liability therefor is imposed on the Carrier by law. In case of loss of Crude Petroleum for which Carrier is not responsible, the Shipper shall bear the loss. Where such loss occurs in a tank containing Crude Petroleum which is the property of more than one Shipper, or in a line containing a segregated batch of Crude Petroleum which is the property of more than one Shipper, each Shipper shall bear the loss in such proportion as its volume in said tank or batch bears to the total volume in said tank or batch.

**Item No. 115. CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with the Carrier within nine (9) months after delivery of the Crude Petroleum, or, in 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 shall be instituted against the Carrier only within two (2) years from the time when the Carrier delivers, or arranges delivery of, the Crude Petroleum or, in case of failure to make or arrange delivery, then within two (2) years after a reasonable time for delivery has elapsed. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the Crude Petroleum. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

**Item No. 120. PIPEAGE OR OTHER CONTRACTS**

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

**Item No. 125. QUALITY BANK**

See individual tariffs for Quality Bank provisions on specific systems, if applicable.

**Item No. 130. STRATEGIC PETROLEUM RESERVE**

In the event that Bridger Pipeline LLC is required to perform crude oil drawdowns from the Strategic Petroleum Reserve, such an event may be considered a cause recognized by Item No. 110 of the rules and regulations, and Carrier's ability to perform may be limited and excused by such occurrences without liability.

**Item No. 135. INTRASYSTEM TRANSFERS**

1.24 Cents (\$0.0124) per barrel will be charged for intrasystem transfers to the Transferors involved in intrasystem transfers who do not pay Carrier transportation charges or are not listed as the last consignee for the particular movement including the transfer(s).

In any such transfer, Carrier shall not be liable for any loss or damage in connection therewith, except for the negligence of the Carrier. Any verbal transfer shall be confirmed in writing within five (5) days by Transferee and Transferor, who shall specify the quantity, type, grade and location of the Petroleum transferred. All deliveries shall be made to and for the account of the last consignee.

A transfer of Shipper's rights and obligations under Item No. 135 respecting its Crude Petroleum will not be binding or effective on Carrier until Carrier has provided a notice of acceptance to the transferor and transferee. Carrier will not provide a notice of acceptance of a transfer until such time as the transferee has satisfied Carrier of its capacity to undertake the transferor's obligations and has provided any Financial Assurances requested by Carrier in accordance with Item No. 140 (FINANCIAL ASSURANCES) of this tariff.

#### **Item No. 140. FINANCIAL ASSURANCES**

(a) All prospective shippers shall, twenty-five (25) days prior to making their first nomination, provide information to Carrier that will allow Carrier to determine the prospective shipper's capacity to perform any financial obligations that could arise from the transportation of that prospective shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the value of any loss allowance, and any negative balance positions. At any time, upon the request of Carrier, Shipper shall, within ten (10) days of such request, provide information to Carrier that will allow Carrier to determine Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the value of any loss allowance, and any negative Shipper balance positions. Carrier shall not be obligated to accept Crude Petroleum for transportation from any Shipper or prospective shipper if such Shipper or prospective shipper fails to provide the requested information to Carrier within the time periods set forth herein, or if Carrier's review of the requested information reveals that such Shipper or prospective shipper does not have the capacity to perform any financial obligations that could arise from the transportation of its Crude Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the reasonably determined value of any loss allowance, and any negative balance positions.

(b) Subject to the provisions of Item No. 140(c), Carrier upon notice to Shipper or prospective shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to Carrier to be provided at the expense of such Shipper or prospective shipper:

(i) payment security by wire transfer in an amount equal to two and a half months of transportation charges based on Shipper's or prospective shipper's likely actual shipments for the production month for each applicable line segment. For purposes of this Item, a prospective shipper's likely actual shipments will be based on the anticipated shipments listed in such prospective shipper's shipper application; or

(ii) a letter of credit in favor of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to Carrier in a form and from an institution acceptable to Carrier;

(c) In the event that Carrier reasonably determines that:

(i) any Shipper's financial condition is or has become impaired or unsatisfactory;

(ii) any Financial Assurances previously provided by Shipper no longer provide adequate security for the performance of such Shipper's obligations that could arise from the transportation of its Crude Petroleum under the terms of this tariff; or

(iii) Carrier otherwise determines that it is necessary to obtain Financial Assurances from any Shipper or prospective shipper, then such Shipper or prospective shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the transportation of such Shipper's or prospective shipper's Crude Petroleum by Carrier. For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to Carrier relating to the transportation of Shipper's Crude Petroleum, those charges and costs shall include transportation charges, equalization obligations, any negative Shipper balance positions, and any loss allowance.

(d) Any Financial Assurances received by Carrier in accordance with Item No. 140(b)(i) shall be retained by Carrier in a non-interest-bearing escrow account until such time as Carrier determines that the Shipper or prospective shipper that provided such Financial Assurance is capable of performing its financial obligations to Carrier. Within ten (10) business days of such a determination by Carrier, the Financial Assurance provided in accordance with Item No. 140(b)(i) shall be returned to such Shipper or prospective shipper.

**EXPLANATION OF REFERENCE MARKS:**

**[N]** New.