

## ONEOK Bakken Pipeline, L.L.C.

### LOCAL PIPELINE TARIFF

CONTAINING

### RATES, RULES, AND REGULATIONS

Governing the Interstate Transportation and Handling  
of

### DEMETHANIZED MIX

Transported by Pipeline

### FROM AND TO ORIGIN(S) AND DESTINATION(S) NAMED

The rates in this Tariff are filed in compliance with 18 C.F.R. § ~~[W] 342.2(a)~~342.3, Indexing.

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

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## GENERAL RULES AND REGULATIONS

### ITEM NO. 5 - DEFINITIONS

"Adequate Assurance of Performance" means sufficient security in a form, amount, for a term and from an issuer, all as reasonably acceptable to Carrier, including but not limited to, cash, prepayment, a standby irrevocable letter of credit or a guaranty.

"Adverse Encumbrance" has the meaning set out in Item No. 25.

"Affiliate" and any derivative thereof means with respect to each Party, any corporation, partnership or other entity or association that directly, or indirectly through one or more intermediaries, controls a Party, or is controlled by such Party or is under common control with such Party. As used herein, "control" (including "controlling," "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies of an entity, whether through the ownership of securities or partnership or other ownership interests, by written contract, indenture, note bond, loan, instrument, lease, commitment or otherwise.

"Baker Lateral" means Carrier's lateral that is located in Fallon County, Montana and is connected to the Pipeline System.

"Barrel" shall mean forty-two (42) United States gallons of 231 cubic inches at sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure.

"Bear Creek Lateral" means Carrier's lateral that is located in Dunn and McKenzie Counties, North Dakota and is connected to the Carrier's Little Missouri Lateral.

"Carrier" means ONEOK Bakken Pipeline, L.L.C.

"Committed Rate" means the transportation rate to be paid by Committed Shippers for Committed Volume as shown in Item No. 115.

"Committed Shipper" means any shipper with whom Carrier has executed a TSA for transportation on the Pipeline System for Committed Volume at any time.

"Committed Volume" means the specified volume of Demethanized Mix that Committed Shippers agree to transport on Carrier's Pipeline System as described in the TSA.

"Consignee" means the person, entity and/or facility to which Shipper has ordered the Delivery of Demethanized Mix.

"Component" means each of the individual hydrocarbon constituents of Demethanized Mix.

"Day" means a period of twenty-four (24) consecutive hours commencing at 7:00 A.M., Central Time.

"Delivery" means the transfer of Demethanized Mix from Carrier at Destination Point(s) to Consignee.

"Demethanized Mix" means unfractionated natural gas liquids containing primarily ethane, propane, isobutane, normal butane, natural gasoline and all mixtures thereof conforming to Carrier's Demethanized Mix Specifications.

"Demethanized Mix Specifications" has the meaning set forth in Item No. 10.

**[N]** "Demicks Lake Lateral" means Carrier's lateral that is located in McKenzie County, North Dakota and Richland County, Montana and is connected to the Pipeline System.

“Destination Point(s)” means the outlet flange to the Pipeline System measurement facilities of Carrier at or near the destination points as set forth in Item No. 115.

“FERC” means the Federal Energy Regulatory Commission, or any successor Governmental Authority.

“Force Majeure” has the meaning set forth in Item No. 95.

“Governmental Authority” means any governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, or bureau, and any court, tribunal or judicial or arbitral body (whether national, federal, state or local or, in the case of an arbitral body, whether governmental, public or private), having jurisdiction over Carrier or its services.

“Lateral(s)” means the Baker Lateral, Bear Creek Lateral, **[N]** Demicks Lake Lateral, Little Missouri Lateral, Lonesome Creek Lateral and/or the Niobrara Lateral.

“Letter of Credit” means an irrevocable, transferable standby letter of credit with a minimum term to expiry of twelve (12) months, issued by a U.S. commercial bank including, but not limited to, the U.S. Branch of a foreign commercial bank, or a Canadian chartered bank, having a credit rating of at least A in the case of S&P, or A2 in the case of Moody’s, or such other financial institution reasonably acceptable to Carrier in its sole discretion.

“Linefill” means the quantity of Demethanized Mix needed to occupy the physical space in the Pipeline System and in the Laterals in order for Carrier to provide the Demethanized Mix transportation service described in this Tariff.

“Little Missouri Lateral” means Carrier’s lateral that is located in McKenzie County, North Dakota and is connected to the Pipeline System.

“Lonesome Creek Lateral” means Carrier’s lateral that is located in McKenzie County, North Dakota and is connected to the Pipeline System.

“Month” means a period of time commencing at 7:00 A.M. on the first Day of a calendar Month to 6:59 A.M. on the first Day of the following calendar Month.

“New Shipper” has the meaning set forth in Item No. 65 and in Item No. 66.

“Niobrara Lateral” means Carrier’s lateral that is located in Converse and Niobrara Counties, Wyoming and is connected to the Pipeline System.

“Nomination” and any derivative thereof, means an offer by a Shipper to Carrier of a stated quantity and quality of Demethanized Mix for transportation from a specified Origin Point(s) to a specified Destination Point(s) pursuant to the terms and conditions of this Tariff.

“OPIS Price Index” means the monthly average of the daily average prices per gallon, for the Month of Receipt, as quoted by OPIS (“Oil Price Information Service”) in the OPIS-LP-Gas Report for “Any Current Month” under “Conway In-Well Spot Gas Liquid” for ethane (in E/P), propane, isobutane, normal butane, and natural gasoline Components. No value will be given to CO2 or other impurities.

“Origin Point(s)” means the inlet flange to the Pipeline System measurement facilities of the Pipeline System and/or the inlet flange(s) to the Lateral’s measurement facilities at or near the origin points as set forth in Item No. 115 and/or the inlet flange(s) to the Lateral’s measurement facilities as set forth in Item No. 105.

“Party” or “Parties” means Carrier and/or Shipper(s), as applicable.

“Pipeline System” means the measurement facilities and ancillary facilities owned by Carrier commencing at or near the Origin Point(s), and terminating at or near the Destination Point(s), as such facilities may be modified, expanded or extended from time to time. The Pipeline System excludes the Laterals.

“Ratable” or “Ratably” means or refers to the Delivery of Demethanized Mix throughout each Month, in daily quantities that are approximately equal to the volume of Demethanized Mix delivered during the Month divided by the number of Days in that Month.

“Receipt” means the transfer of Demethanized Mix from Shipper at Origin Point(s) to Carrier.

“Regular Shipper” has the meaning set forth in Item No. 65 and in Item No. 66.

“Shipper(s)” means any Party who gives notice to transport Demethanized Mix under the provisions outlined in this Tariff.

“Tender” and any derivative thereof, means the Delivery by a Shipper to Carrier at the Origin Point(s) of a stated quantity of Demethanized Mix for transportation from such Origin Point(s) to a Destination Point(s) pursuant to a Nomination.

“TSA” or “Transportation Services Agreement” means an agreement entered into between a Committed Shipper and Carrier providing for transportation of Demethanized Mix on the Carrier at such Committed Shipper’s Committed Rate.

“Uncommitted Capacity” means 10% (ten percent) of the then current capacity of Carrier’s Pipeline System which will be reserved for Uncommitted Shippers.

“Uncommitted Rate” means the rate charged for Uncommitted Capacity as shown in Item No. 115.

“Uncommitted Shippers” mean any Shipper that is not a Committed Shipper.

#### **ITEM NO. 10 – DEMETHANIZED MIX SPECIFICATIONS**

Carrier is engaged in the transportation of Demethanized Mix as herein defined and will not accept any other commodity for transportation under this Tariff.

Carrier reserves the right, on a not unduly discriminatory basis, to refuse to accept any Demethanized Mix for transportation which does not conform to ONEOK Bakken Pipeline, L.L.C. Demethanized Mix Specifications dated November 20, 2012 (available upon request from the Director of Marketing), or which is not good merchantable Demethanized Mix readily acceptable for transportation through Carrier’s existing facilities and/or would otherwise adversely affect Carrier’s Pipeline System, Laterals or other Demethanized Mix. As a prerequisite to transportation, Shipper’s Demethanized Mix must also conform to its nominated Destination Point specifications.

Shipper may, on a not unduly discriminatory basis, be required to furnish Carrier with a certificate setting forth the specifications of each shipment of Demethanized Mix to be transported in Carrier’s facilities. Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during Receipt, and in the event of variance between Shipper’s certificate and Carrier’s test, the latter shall prevail.

If, upon investigation, Carrier determines that Shipper has delivered to Carrier’s facilities Demethanized Mix that has contaminated the common fungible stream, rendering all or a portion of the fungible Demethanized Mix stream undeliverable, Carrier reserves the right, on a not unduly discriminatory basis, to treat or otherwise dispose of all contaminated Demethanized Mix in any reasonable commercial manner at Shipper’s sole expense.

If Demethanized Mix received by Carrier does not meet the Demethanized Mix Specifications, Carrier reserves the right, on a not unduly discriminatory basis, to bill and Shipper shall pay the greater of (i) the costs and

expenses incurred to treat or otherwise dispose of all contaminated Demethanized Mix including without limitation any penalties or charges incurred by Carrier as a result of such contamination, or (ii) **[U]** \$1.00 per Barrel penalty for the volume delivered into Carrier's facilities by Shipper.

In addition, Shipper will be liable for and will defend, indemnify and hold harmless Carrier for any and all claims, actions, suits, losses, demands, costs and expenses (including attorney's fees and costs of repairing, inspecting, cleaning, or decontaminating the facilities of Carrier or third parties) of every kind, nature or description resulting from the chemical or physical properties of any Demethanized Mix that Shipper has delivered into Carrier's system except to the extent such liability arises from Carrier's gross negligence.

### **ITEM NO. 13 – THIRD PARTY FEES**

In addition to any other fees and charges, if a non-affiliate third party (including any Governmental Authority) charges Carrier a fee or tax for receiving, delivering, transferring or otherwise handling Demethanized Mix, Carrier may pass through to and invoice Shipper for the portion of such fees, taxes or charges as are allocable to Shipper's Demethanized Mix. At Carrier's option, Shipper shall (i) reimburse Carrier for such fees, taxes or charges or (ii) pay such fees, taxes or charges directly to the non-affiliated third party. Examples of such fees, taxes or charges include, but are not limited to, spill fees, superfund fees, carbon taxes or greenhouse gas emission fees to the extent they currently exist or may exist in the future. If Carrier assesses such fees, taxes or charges, such fees, taxes or charges shall be listed in this Tariff.

### **ITEM NO. 15 - MINIMUM NOMINATION AND PLACE OF DELIVERY**

Demethanized Mix meeting the Demethanized Mix Specifications shall be Nominated for transportation in quantities of not less than 15,000 Barrels per Month.

Demethanized Mix shall be offered for transportation in Ratable quantities which can be received into the Pipeline System and the Laterals at full line flow rates.

### **ITEM NO. 20 - STORAGE, ORIGIN AND DESTINATION FACILITIES**

Carrier does not furnish storage facilities or services at the Origin Point(s) or Destination Point(s).

Carrier shall accept Demethanized Mix only when Shipper and Consignee (if applicable) have provided necessary equipment and facilities, including storage facilities for Receipt of Demethanized Mix into the Pipeline System and the Laterals and Delivery of Demethanized Mix from the Pipeline System at pressures and pumping rates required by Carrier. Carrier may, on a not unduly discriminatory basis, require evidence such as documentation showing that necessary facilities are available for delivering shipments at the Origin Point(s) and receiving shipments at the Destination Point(s) before any obligation to furnish transportation shall arise.

### **ITEM NO. 25 - TITLE**

Shipper represents and warrants that it owns all right, title and interest in and to the Demethanized Mix Tendered to Carrier. Furthermore, Shipper shall not Tender Demethanized Mix which is in any way subject to litigation, the ownership of which may be in dispute, or which is subject to a security interest, lien or charge of any kind, other than the lien of Carrier pursuant to the Tariff (each an "Adverse Encumbrance") unless Shipper provides written notification to Carrier of such Adverse Encumbrance not less than twenty (20) Days before such Tender is made to Carrier. Shipper shall provide written notice to Carrier if at any time while its Demethanized Mix is in the possession of Carrier, such Demethanized Mix becomes subject to an Adverse Encumbrance.

Carrier shall not be obligated to receive from Shipper any Demethanized Mix that is subject to an Adverse Encumbrance. Upon demand by Carrier, Shipper shall provide a bond or other form of indemnity satisfactory to Carrier that fully protects and indemnifies Carrier against any liability, loss, cost or expense that may arise as a result of such Adverse Encumbrance and secures the payment to Carrier of all rates and other charges which would become payable under the Tariff if Carrier were to transport such Demethanized Mix. Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage or expense resulting from failure of title or

Shipper's failure to have the right to cause the Demethanized Mix to be transported; and Shipper agrees that acceptance by Carrier of the Demethanized Mix for transportation shall not be deemed a representation by Carrier as to title.

#### **ITEM NO. 30 – MEASUREMENT**

All Demethanized Mix transported by Carrier will be measured, by Carrier or Carrier's representative, at the Origin Point(s) and Destination Point(s) in accordance with applicable Carrier and industry accepted practices and procedures. All measurements and tests performed by Carrier shall be determinative unless they are contested within ninety (90) Days of receipt of appropriate documentation by Shipper.

Shipper or its representative shall have the privilege of being present or represented during the metering and testing performed by Carrier.

#### **ITEM NO. 35 – MIXING IN TRANSIT**

Carrier may commingle Demethanized Mix received from the Origin Point(s). Carrier reserves the right at any time to substitute and deliver Demethanized Mix of the same specification as the Demethanized Mix shipped.

Demethanized Mix will be accepted for transportation only on condition that it shall be subject to such changes in characteristics (including Component changes), while in transit, as may result from the mixture with other Demethanized Mix. Carrier shall be under no obligation to make Delivery of the identical Demethanized Mix but may make Delivery out of common stock and Shippers will be required to accept such Delivery.

#### **ITEM NO. 40 - NOTICE OF NOMINATIONS**

Demethanized Mix for shipment will be received only on properly executed Nominations. If Shipper does not furnish such Nomination, Carrier will be under no obligation to accept such Demethanized Mix for transportation.

Any Shipper desiring to Nominate Demethanized Mix for transportation shall make such Nomination to Carrier in electronic or other form acceptable to Carrier, on or before the fifteenth (15th) day of the Month preceding the Month during which the transportation under the Nomination is to begin, except that, to the extent capacity is available for current movement, a Shipper may Nominate Demethanized Mix for transportation after the fifteenth (15th) day of the Month preceding the Month during which the transportation under the Nomination is to begin. Quantities will be scheduled for transportation on the Lateral(s) only to the extent Shipper has allocated capacity on the Pipeline System.

#### **ITEM NO. 45 - SCHEDULING SHIPMENTS**

Carrier will transport Demethanized Mix with reasonable diligence considering the quantity, the quality of the Demethanized Mix, distance of transportation, safety of operations, and other material factors but will accept no Demethanized Mix to be transported in time for any particular market. Furthermore, Carrier shall not be liable for any delay in shipments resulting from such scheduling.

Schedules of shipments and consignments will be issued to each Shipper by Carrier from time to time and in a manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to reasonably accommodate Shipper's needs for transport of Demethanized Mix.

#### **ITEM NO. 50 – FAILURE TO TAKE DELIVERY AND DEMURRAGE**

Shipper shall remove Demethanized Mix, or cause Demethanized Mix to be removed, from Carrier's facilities following transportation to a Nominated Destination Point(s). In the event failure to remove Demethanized Mix threatens or prevents Delivery of succeeding shipments into or out of Carrier's facilities, Carrier shall have the right, after using reasonable efforts to notify Shipper by email or other means, without liability to Shipper, to make such sale or disposition of unremoved Demethanized Mix as is necessary for the efficient operation of the

Pipeline System, and Shipper shall pay Carrier all charges associated with such sale or disposition the same as if Shipper had authorized such, together with any associated additional costs and damages borne or incurred by Carrier. If Carrier sells such Demethanized Mix, Carrier will remit the proceeds therefrom, less its cost of selling the Demethanized Mix and all other associated costs and damages borne or incurred by Carrier, to Shipper.

Following the notice as described above in Item No. 50, in addition to any remedy available to Carrier, Shipper will pay a penalty charge in the event Shipper fails to remove Demethanized Mix from Carrier's Pipeline System and that failure prevents the movement of succeeding shipments. The penalty charge will be **[U]** \$14,000 per hour for each hour that Shipper's failure to remove Demethanized Mix prevents the movement of succeeding shipments.

#### **ITEM NO. 55 - PAYMENT OF CARRIER CHARGES**

Transportation rates, fees and all other lawful charges accruing on Demethanized Mix accepted for transportation shall be assessed by Carrier in accordance with Carrier's then current payment policies and procedures at the rates specified herein on the basis of quantities of Demethanized Mix received at the Origin Point(s) pursuant to this Tariff. Shipper shall pay all charges within ten (10) days of the date of invoice from Carrier. Carrier, at its option, on a not unduly discriminatory basis, may require Shipper to pay all such charges and fees in advance or to provide Adequate Assurance of Performance.

Shipper hereby assigns and grants to Carrier a continuous and continuing security interest in, and assignment of, all of the following, whether now or hereafter existing or acquired, as collateral security for the prompt and complete payment and performance of the Shipper Obligations the following: (a) all Demethanized Mix accepted by Carrier for transportation or otherwise, including but not limited to Shipper's minimum Linefill (as defined in Item No. 80 of this Tariff); (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents, (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) all Demethanized Mix and proceeds of any of the foregoing property in any form. The property described or referred to in subsections (a) through (d) above is collectively referred to as the "Collateral". This grant and assignment secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, special, ancillary and other lawful charges arising under or related to this Tariff or the contracts entered into in connection with this Tariff; (b) the repayment of any amounts that Carrier may advance or spend for the storage or maintenance and preservation of the Collateral; and (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations. Carrier may withhold such Collateral from Delivery until all unpaid charges have been paid. If said charges remain unpaid ten (10) Days after final notice and demand therefore, Carrier shall have the right, in addition to and not in limitation of its other rights and remedies, directly or through an agent, to sell such Collateral at public auction, on any Day not a legal holiday, in not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town or city where the sale is to be held, stating the time, place of sale, and the quantity and location of Collateral to be sold. At said sale, Carrier or an Affiliate 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 expenses incident to said sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

If transportation and other charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York, (or such successor company as reasonably determined by Carrier) as of the due date or the maximum finance charge rate allowed by law, whichever is less. Carrier reserves the right, on a not unduly discriminatory basis, to set-off any charges due Carrier by Shipper against any monies owed to Shipper by Carrier or any Demethanized Mix of Shipper in Carrier's custody.

If Shipper disputes an invoice in good faith, it may withhold payment of the disputed amount so long as Shipper makes timely payment of all undisputed amounts, and, within thirty (30) days of receipt of the disputed invoice, provides Carrier with a detailed written explanation of the reasons for Shipper's dispute of the charge. Both



Parties shall cooperate to resolve promptly any disputed amount. If both Parties agree that the disputed amount is not valid, Carrier shall either (i) include a credit within the next invoicing cycle (to the extent Shipper previously paid the disputed amount), or (ii) shall promptly issue an amended invoice. If both Parties agree that the disputed charge is valid, Shipper shall pay the charge within the later of thirty (30) days from the date of receipt of the invoice or fifteen (15) days from the date of the resolution of the dispute (to the extent Shipper did not previously pay the disputed amount). If the Parties are unable to resolve the billing dispute within thirty (30) days of initiation of the dispute, each Party may pursue its legal rights and remedies as provided by applicable law. Shipper shall have no obligation to pay interest on the disputed amount unless and until such time as the dispute is resolved in Carrier's favor. Upon a dispute being resolved in Carrier's favor, Carrier shall have the right to assess finance charges on the disputed amount not previously paid (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York (or such successor company as reasonably determined by Carrier), or the maximum finance charge rate allowed by law, whichever is less, as of the original due date.

#### **ITEM NO. 60 - CLAIMS, SUITS, TIME FOR FILING AND GOVERNING LAW**

Notice of claims for loss or damage must be made in writing to Carrier within nine (9) Months after Delivery of the Demethanized Mix, or in the case of a failure to make Delivery, then within nine (9) Months after Tender of the Demethanized Mix to Carrier for shipment. Suit against Carrier shall be instituted only within two (2) years and one (1) Day from the Day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice.

Any claimed loss or damage shall be determined solely on the basis of volumetric loss and not the monetary value of the Demethanized Mix. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier shall not be liable therefore before any Governmental Authority, any judicial court of law or equity, or any other tribunal.

Except in the case of issues under the exclusive jurisdiction of the FERC, this Tariff and the provision of transportation services shall be governed by, construed, and enforced in accordance with the laws of the State of Oklahoma (including without limitation the Uniform Commercial Code, 12A Okla. Stat. § 1-101 et seq., as it may be amended from time to time) without regard to choice of law principles. Specifically, the laws of the State of Oklahoma shall apply with regard to any procedural obligations, including without restriction, any statute of limitation.

#### **ITEM NO. 65 - PRORATION OF PIPELINE SYSTEM CAPACITY**

1. **Definition of terms.**

Except where the context requires another meaning, the following terms have the following meanings:

1.1 **Regular Shipper** means a Shipper that has shipped Demethanized Mix utilizing Uncommitted Capacity on the Pipeline System at any time during the twelve (12) Month period preceding the first day of the Month in which the Pipeline System is prorated.

1.2 **New Shipper** means a Shipper that has not shipped Demethanized Mix utilizing Uncommitted Capacity on Carrier's system during the twelve (12) Month period preceding the first day of the Month in which the Pipeline System is prorated.

2. **Prorating of Committed Volume.**

Committed Shippers will not be subject to prorating to accommodate Uncommitted Shippers.

### 3. **Prorating of Uncommitted Capacity.**

- 3.1 **When Volume will be prorated.** Carrier will prorate the Uncommitted Capacity during any Month when it determines, based upon the Nominations submitted in a timely and proper manner by Shippers, that the total volume Nominated by all Shippers for shipment utilizing Carrier's Uncommitted Capacity during that Month exceeds the total Uncommitted Capacity or portion thereof during periods of Force Majeure.
- 3.2 **Division of capacity between Shipper classes.** Except as provided in paragraphs 3.7 and 3.9, Uncommitted Capacity shall be divided between Regular Shippers as a class and New Shippers as a class.
- 3.3 **Availability of capacity to Regular Shippers.** After the adjustment for New Shippers, as provided in paragraphs 3.5 and 3.6, all remaining Uncommitted Capacity shall be available to Regular Shippers who have Nominated volume for the Month.
- 3.4 **Allocation to each Regular Shipper.** Each Regular Shipper shall be allocated a volume of the Uncommitted Capacity available to all Regular Shippers that is equal to a ratio, the numerator of which is the Shipper's volumes transported utilizing Carrier's Uncommitted Capacity during the latest twelve (12) Month period, for which the Month-end processes are completed preceding the Month for which the Regular Shipper's allocation is being calculated, and the denominator of which is the total shipments utilizing Carrier's Uncommitted Capacity during such 12-Month period by all Regular Shippers, multiplied by the Uncommitted Capacity available to all Regular Shippers during that Month.
- 3.5 **Availability of capacity to New Shippers.** Not more than fifteen (15) percent of the Uncommitted Capacity shall be made available to New Shippers.
- 3.6 **Allocation to each New Shipper.** Each New Shipper shall be allocated a volume of the Uncommitted Capacity available to all New Shippers which is equal to the lesser of:
- (a) fifteen (15) percent of the total Uncommitted Capacity divided by the number of New Shippers who Nominated volumes utilizing Carrier's Uncommitted Capacity during the Month for which the allocation is being calculated; or
  - (b) 7.5 percent (one-half of 15%) of the total Uncommitted Capacity for that Month.
- 3.7 **Unnominated capacity.** Any amount of Uncommitted Capacity available to New Shippers under the rules in paragraphs 3.5 and 3.6, but is not Nominated by an eligible New Shipper shall be made available to Regular Shippers in accordance with the rules in paragraphs 3.3 and 3.4.
- 3.8 **Reallocation of unused allocated Uncommitted Capacity.** If, during a Month in which capacity is prorated, a Shipper fails to use all of its allocated Uncommitted Capacity, such unused Uncommitted Capacity shall be available to other Shippers, as follows:
- (a) Unused allocated Uncommitted Capacity resulting from a Regular Shipper's failure to use all of its allocated Uncommitted Capacity shall be reallocated among other Regular Shippers in accordance with the rules in paragraph 3.4.
  - (b) Unused allocated Uncommitted Capacity resulting from a New Shipper's failure to use all of its allocated Uncommitted Capacity shall be reallocated among other New Shippers in accordance with the rules in paragraph 3.6. If, however, the reallocation would cause any New Shipper's total allocation for a Month to exceed 7.5 percent of the total Uncommitted Capacity for that Month, such excess shall be treated as unused allocated Uncommitted Capacity and shall be reallocated among Regular Shippers in accordance with the rules in subparagraph (a) of this paragraph.

### 3.9 **Failure to use allocated capacity.**

- (a) A Shipper that fails to use all of its allocated Uncommitted Capacity during a Month of prorationing shall have its allocation of Uncommitted Capacity reduced in each subsequent Month of prorationing until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated Uncommitted Capacity and shall be reallocated to other Shippers who wish to utilize Carrier's Uncommitted Capacity.
- (b) Reduction of a Shipper's Uncommitted Capacity for failure to use its allocated Uncommitted Capacity during a prior Month of prorationing may be waived, in whole or in part if Carrier determines, in its sole discretion, that the Shipper's failure to use all or some of its Uncommitted Capacity was due to factors beyond the Shipper's reasonable control.

3.10 **Transfer of prorated capacity; Use of Affiliates.** Volume allocated to a Shipper may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. However, a Shipper's allocation may be transferred as an incident of the bona fide sale of the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A Shipper may not use an Affiliated or cooperating entity to obtain an increased allocation of prorated capacity.

Committed Shipper's Committed Volume shall be included in the calculation of the Shipper's prior 12-Month period transported volume for purposes of prorationing subsequent to the expiration of Shipper's TSA.

## **ITEM NO. 66 - PRORATION OF LATERAL CAPACITY**

### **1. Definition of terms.**

Except where the context requires another meaning, the following terms have the following meanings:

- 1.1 **Regular Shipper** means a Shipper that has shipped Demethanized Mix utilizing capacity on the Lateral at any time from the date the Lateral is available to provide transportation services through the first twelve (12) Months of operation. Thereafter, a Regular Shipper is a Shipper that has shipped Demethanized Mix utilizing capacity on the Lateral at any time during the twelve (12) Month period preceding the first day of the Month in which the Lateral is prorated.
- 1.2 **New Shipper** means a Shipper that has not shipped Demethanized Mix utilizing capacity on the Lateral during the twelve (12) Month period preceding the first day of the Month in which the Lateral is prorated.

### **2. Prorating of Lateral capacity.**

- 2.1 **When Volume will be prorated.** Carrier will prorate the Lateral capacity during any Month when it determines, based upon the Nominations submitted in a timely and proper manner by Shippers, that the total volume Nominated by all Shippers for shipment utilizing Carrier's Lateral capacity during that Month exceeds the total Lateral capacity or portion thereof during periods of Force Majeure. Carrier will apply this section separately to volumes nominated on each Lateral.
- 2.2 **Division of Lateral capacity between Shipper classes.** Except as provided in paragraphs 2.7 and 2.9, Lateral capacity shall be divided between Regular Shippers as a class and New Shippers as a class.
- 2.3 **Availability of Lateral capacity to Regular Shippers.** After the adjustment for New Shippers, as provided in paragraphs 2.5 and 2.6, all remaining Lateral capacity shall be available to

Regular Shippers who have Nominated volume for the Month.

- 2.4 **Allocation to each Regular Shipper.** Each Regular Shipper shall be allocated a volume of the Lateral capacity available to all Regular Shippers that is equal to a ratio, the numerator of which is the Shipper's volumes transported utilizing Carrier's Lateral capacity during the latest twelve (12) Month period, for which the Month-end processes are completed preceding the Month for which the Regular Shipper's allocation is being calculated, and the denominator of which is the total shipments utilizing Carrier's Lateral capacity during such 12-Month period by all Regular Shippers, multiplied by the Lateral capacity available to all Regular Shippers during that Month. For the first twelve (12) Months following the date the Lateral is available to provide transportation services the allocation shall be based on the number of Months during which the Carrier has been providing transportation services.
- 2.5 **Availability of Lateral capacity to New Shippers.** Not more than ten (10) percent of the Lateral capacity shall be made available to New Shippers.
- 2.6 **Allocation to each New Shipper.** Each New Shipper shall be allocated a volume of the Lateral capacity available to all New Shippers which is equal to the lesser of:
- (a) ten (10) percent of the total Lateral capacity divided by the number of New Shippers who Nominated volumes utilizing Carrier's Lateral capacity during the Month for which the allocation is being calculated; or
  - (b) 1.25 percent of the total Lateral capacity for that Month.
- 2.7 **Unnominated Lateral capacity.** Any amount of Lateral capacity available to New Shippers under the rules in paragraphs 2.5 and 2.6, but is not Nominated by an eligible New Shipper shall be made available to Regular Shippers in accordance with the rules in paragraphs 2.3 and 2.4.
- 2.8 **Reallocation of unused allocated Lateral capacity.** If, during a Month in which Lateral capacity is prorated, a Shipper fails to use all of its allocated Lateral capacity, such unused Lateral capacity shall be available to other Shippers, as follows:
- (a) Unused allocated Lateral capacity resulting from a Regular Shipper's failure to use all of its allocated Lateral capacity shall be reallocated among other Regular Shippers in accordance with the rules in paragraph 2.4.
  - (b) Unused allocated Lateral capacity resulting from a New Shipper's failure to use all of its allocated Lateral capacity shall be reallocated among other New Shippers in accordance with the rules in paragraph 2.6. If, however, the reallocation would cause any New Shipper's total allocation for a Month to exceed 1.25 percent of the total Lateral capacity for that Month, such excess shall be treated as unused allocated Lateral capacity and shall be reallocated among Regular Shippers in accordance with the rules in subparagraph (a) of this paragraph.
- 2.9 **Failure to use allocated Lateral capacity.**
- (a) A Shipper that fails to use all of its allocated Lateral capacity during a Month of prorating shall have its allocation of Lateral capacity reduced in each subsequent Month of prorating until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated Lateral capacity and shall be reallocated to other Shippers who wish to utilize Carrier's Lateral capacity.
  - (b) Reduction of a Shipper's Lateral capacity for failure to use its allocated Lateral capacity during a prior Month of prorating may be waived, in whole or in part if Carrier determines, in its sole discretion, that the Shipper's failure to use all or some of its Lateral capacity was due to factors beyond the Shipper's reasonable control.

- 2.10 **Transfer of prorated Lateral capacity; Use of Affiliates.** Volume allocated to a Shipper may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. However, a Shipper's allocation may be transferred as an incident of the bona fide sale of the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A Shipper may not use an Affiliated or cooperating entity to obtain an increased allocation of prorated Lateral capacity.

#### **ITEM NO. 68 – REQUIRED SHIPPER INFORMATION**

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

The Carrier shall not be obligated to accept Demethanized Mix for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide to the Carrier any information requested in accordance with Item No. 68 within ten (10) Days of the Carrier's written request, or if the Carrier reasonably determines that any of the information provided pursuant to Item No. 68 is false.

#### **ITEM NO. 70 - LIABILITY OF CARRIER**

While in possession of Demethanized Mix Tendered to it for shipment, Carrier shall not be liable to Shipper for any: (i) delay in Delivery, (ii) damage thereto, (iii) consequential loss or (iv) loss of Demethanized Mix, whether caused by Force Majeure or by act of default of any Shipper or Consignee, or resulting from any other cause not due to the gross negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss or damage shall be apportioned by Carrier to each shipment of Demethanized Mix or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Demethanized Mix in the loss, and each Shipper or Consignee shall be entitled to receive only that portion of its shipment remaining after deducting his proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shipper and Consignee showing the apportionment of any such loss.

For Force Majeure or maintenance of the Pipeline System and the Laterals and associated facilities as required in Carrier's sole discretion, the testing, making repairs, turnarounds, alterations, enlargements or connections to machinery, facilities, or lines of pipe (whether owned, leased or rented), Carrier will not be liable to Shipper and Committed Shipper(s)' obligations shall only be excused to the extent of the actual, direct impact on Shipper's Committed Volumes pursuant to the TSA.

Carrier will not be liable for discoloration, contamination, or deterioration of Demethanized Mix transported unless such discoloration, contamination, or deterioration of Demethanized Mix transported results from the gross negligence of Carrier.

The Carrier operates under this Tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Demethanized Mix transported or stored hereunder, and Carrier expressly disclaims any liability for any expressed or implied warranty for Demethanized Mix transported hereunder including any warranties of merchantability or fitness for any particular purpose or intended use.

#### **ITEM NO. 71 – GAINS OR LOSSES**

In addition to Item No. 70 Liability of Carrier, Shippers are responsible for Pipeline System and Lateral's gains and losses (including Component imbalances), calculated as the difference between measured Receipts and measured Deliveries. Gains or losses will be apportioned according to each Shipper's proportionate share of measured deliveries.

## **ITEM NO. 72 - COMPONENT BALANCING**

Shipper shall be responsible for reconciling Component imbalances that may arise between Receipt and Delivery of Demethanized Mix due to composition variations resulting from the blending of various streams. Participation in the Component balancing process is a pre-requisite to shipping on Carrier.

On a monthly basis, Shippers are required to cash out any Component imbalance to zero. The shipper cash out position equals the sum of (i) each Component imbalance multiplied by (ii) the corresponding OPIS Price Index ("Shipper Cash Out Position"). The Shipper will be notified by Carrier of its Shipper Cash Out Position on the Component balance statement. A Shipper Cash Out Position due Carrier shall be paid by Shipper within six (6) days of the invoice date on the Component balance statement. A Shipper Cash Out Position due Shipper shall be paid by Carrier within six (6) days of the invoice date on the Component balance statement.

## **ITEM NO. 80 - LINEFILL REQUIREMENTS**

Prior to delivering Barrels out of Carrier's Pipeline System, each Shipper will supply a pro rata share of Demethanized Mix for Linefill as Carrier determines is necessary to maintain efficient operations of Carrier's Pipeline System and Laterals. Carrier shall adjust the Linefill so that each Shipper shall provide its pro rata amount of Linefill based upon a ratio of the shipments by the Shipper to the total shipments of all Shippers in a Month. Subject to the provisions of Item No. 55, Payment of Carrier Charges, Demethanized Mix furnished to Carrier pursuant to this Item No. 80 shall be returned to Shipper or its Consignee at the Destination Point(s) after such Shipper has provided written notice to Carrier of Shipper's intent to cease shipping and after a ninety (90) Day period of time to allow for administrative and operational requirements associated with the withdrawal of such Demethanized Mix and the payment by Shipper to Carrier for all services and amounts owned.

## **ITEM NO. 85 - PIPEAGE CONTRACTS**

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

## **ITEM NO. 87 – APPLICATION OF RATES TO INTERMEDIATE POINTS**

Existing rates between the Origin Point(s) and Destination Point(s) will be applied to transportation movements from intermediate origin points not named in the Tariff to named Destination Point(s) and from named Origin Point(s) to intermediate destination points not named in the Tariff. The applicable rate assessed will be the rate in effect from or to the next more distant point published in the Tariff. Carrier shall file Tariff rates for such transportation movements within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

## **ITEM NO. 95 – FORCE MAJEURE**

The term "Force Majeure" as used in this Tariff shall mean any cause or causes, whether foreseeable or not, and whether of the kind herein enumerated or otherwise, which is/are not within the reasonable control of the Party claiming Force Majeure and which, by the exercise of reasonable diligence, the Party is unable to prevent or overcome including, without limitation, acts of God, acts, omissions to act and or delays in action of federal, state, tribal or local government or any agency thereof, including failure to timely issue permits of any kind or timely grant other regulatory approvals of any kind, strikes, lockouts, work stoppages, or other industrial disturbances, acts of a public enemy, sabotage, wars, blockades, insurrections, riots, acts of terror, epidemics, landslides, lightning, earthquakes, fires, storms, storm warnings, floods, washouts, extreme cold or freezing weather, arrests and restraints of governments and people, civil or criminal disturbances, interruptions by governmental or court orders; compliance (voluntary or involuntary) with federal, state, tribal or local laws, rules or regulations, permits, acts, orders, directives, requisitions, or requests of any official or agency of the federal, state, or local governments; the necessity to not operate, or to reduce the operation of, equipment to protect the safety of the public and/or environment; present and future valid orders of any regulatory body having jurisdiction, explosions, mechanical failures, breakage or accident to equipment installations, machinery, pumps stations,

plants or lines of pipe, and associated repairs, partial or entire failure of pipes, facilities, plants or equipment, electric power unavailability or shortages, partial or entire failure or refusal of operators of downstream pipelines or facilities to receive Demethanized Mix or increases in pressure of upstream or downstream pipelines or facilities, any inability to receive Demethanized Mix that is caused by pipeline prorationing or lack of capacity of operators of downstream pipelines, governmental regulations, inability to obtain or timely obtain, or obtain at a reasonable cost, after exercise of reasonable diligence, pipe, materials, equipment, rights-of-way, servitudes, permits, licenses or other governmental approvals, or labor, including those necessary for the facilities provided for in this Tariff, and any legislative, governmental or judicial actions. A third party's event of Force Majeure preventing the performance of the Pipeline System and the Laterals hereunder shall be deemed an event of Force Majeure for Carrier for all purposes herein.

It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the sole discretion of the Party having the difficulty.

The following shall not, under any circumstance, constitute an event of Force Majeure: (i) Shipper's inability to purchase Demethanized Mix; (ii) lack of funds; (iii) availability of more attractive markets for Demethanized Mix; (iv) absence of a market for Demethanized Mix; (v) availability of alternative Demethanized Mix transportation systems; or (vi) Demethanized Mix production shortfalls.

**ITEM NO. 100 CREDITWORTHINESS OF SHIPPERS**

Carrier shall not be required to provide service on behalf of any Shipper or provide service or to continue service for any Shipper who is or has become insolvent or who, at Carrier's request, fails within a commercially reasonable time to demonstrate creditworthiness as determined by the Carrier in its sole discretion; provided, however, Shipper may receive service if Shipper furnishes good and sufficient security as determined by Carrier in the exercise of reasonable discretion. Unless otherwise agreed to, if Carrier has reasonable grounds for insecurity regarding the ability of Shipper to perform its obligations, Carrier shall require Adequate Assurance of Performance and Shipper shall have two (2) business days to provide such Adequate Assurance of Performance. In each case, the amount of the security shall be an amount not to exceed the sum of three (3) months of the estimated: (a) transportation and other charges and (b) Shipper Cash Out Position due Carrier. If Shipper fails to provide the requested Adequate Assurance of Performance within such two (2) business day period, then Carrier may suspend services to Shipper.

For the purpose of this section, the insolvency of a Shipper shall be evidenced by the filing by Shipper or any parent entity thereof of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction over the premises adjudging Shipper bankrupt or insolvent or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of thirty (30) consecutive days.

**ITEM NO. 105 – LATERAL FEE(S)**

**[U] Unchanged. All rates in the table below are unchanged, unless noted otherwise.**

Lateral(s)	Lateral Fee(s) <sup>(1)</sup> in cents per Barrel
Baker Lateral	23.91
Bear Creek Lateral	136.14
<b>[N] Demicks Lake Lateral</b>	<b>[N] 108.63</b>
Little Missouri Lateral	31.95
Niobrara Lateral	46.97
Lonesome Creek Lateral	8.23

<sup>(1)</sup> Lateral Fee(s) will be assessed by Carrier on all Barrels originating on any of the Laterals in this Item No. 105. Each Lateral Fee(s) is in addition to and charged separately from rates in Item No. 115, Rates Applicable to Transportation of Demethanized Mix, and any other Carrier charges. The Lateral Fee(s) are subject to increase by the F.E.R.C. Indexing Methodology or its successor.

**ITEM NO. 110 – COMMITTED SHIPPER CONDITIONS AND OBLIGATIONS**

The Committed Rates published in Item No. 115 will be charged to Committed Shippers transporting Committed Volume from the named Origin Point(s) to the named Destination Point(s) pursuant to the TSA executed pursuant to the open season that concluded on December 17, 2012.

**ITEM NO. 115 – RATES APPLICABLE TO TRANSPORTATION OF DEMETHANIZED MIX (in dollars per Barrel)**

**[U] Unchanged. All rates in the tables below are unchanged.**

**UNCOMMITTED RATES**

Rates apply to all barrels received into the Pipeline System.

ORIGINS	DESTINATIONS	RATES
North Dakota Montana Wyoming	Interconnect with Overland Pass Pipeline Weld County, Colorado	\$3.9035*
	Interconnects with ONEOK Elk Creek Pipeline	
Williams and McKenzie Counties, North Dakota	Riverview Terminal, Richland County, Montana	\$0.6937

\*See Item No. 105 for additional rate application for volumes originating on the Laterals in Item No. 105.

**COMMITTED RATES**

See Item No. 110 for application

Rates apply to all barrels received into the Pipeline System.

ORIGINS	DESTINATION	RATE**
North Dakota Montana Wyoming	Interconnect with Overland Pass Pipeline Weld County, Colorado	\$3.9135
	Interconnects with ONEOK Elk Creek Pipeline	

\*\*See Item No. 105 for additional rate application for volumes originating on the Laterals in Item No. 105.



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**Explanation of Reference Marks:**

[N] New

[U] Unchanged

[W] Change in wording