

BELLE FOURCHE PIPELINE COMPANY

LOCAL PIPELINE TARIFF

Containing

Rules and Regulations

Governing the Transportation of

Petroleum

By Pipeline

The rules and regulations published herein apply only under tariffs making specific reference by State Commission number to this circular, and any such reference will include supplements hereto and successive issues hereof: Provided, however, that inconsistent or different rules and regulations, if any, published in individual tariffs will take precedence over rules and regulations set forth herein, to the extent of the difference or inconsistency.

Issued: November 7, 2011

Effective: December 1, 2011

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

Issued by:
H.A. True, III, President
Belle Fourche Pipeline Company
P.O. Drawer 2360
Casper, Wyoming 82602

[N] Tariff is available at www.truecos.com/bfpl

GENERAL APPLICATION

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

ITEM NO.	SUBJECT	RULES AND REGULATIONS
5	Definitions	<p>"Barrel" as herein used means forty –two (42) United States gallons at sixty degrees (60°) Fahrenheit.</p> <p>"Carrier" as herein used means Belle Fourche Pipeline Company.</p> <p>"Petroleum" as herein used means: (1) Crude Petroleum; or (2) Indirect Products; or (3) any other petroleum adapted for refining or fuel purposes which by A.S.T.M. (American Society for Testing Materials) methods substantially distills below seven hundred degrees (700°) Fahrenheit; or (4) any petroleum product which by A.S.T.M. methods substantially distills below four hundred degrees (400°) Fahrenheit and which when mixed in or for transit with other petroleum has a resultant vapor pressure not exceeding thirteen (13) pounds Reid at one hundred degrees (100°) Fahrenheit.</p> <p>"Crude Petroleum" means the grade or grades of the direct liquid products of oil and/or gas wells Carrier has undertaken to gather or transport, and includes lease condensate (distillate) recovered through primary conventional mechanical oil-gas separators at atmospheric pressure. Crude Petroleum shall not exceed twelve (12) pounds Reid vapor pressure at one hundred degrees (100°) Fahrenheit. Any mixture which includes any Petroleum other than Crude Petroleum shall not be considered Crude Petroleum.</p> <p>"Indirect Liquid Products of oil or gas wells", sometimes referred to as Indirect Products, means the liquid products resulting from the operation of gasoline recovery plants and gas recycling plants.</p> <p>"Shipper" means the party who contracts with the Carrier for the transportation of Petroleum subject to and in accordance with these rules and regulations subject to the rate provided in the applicable tariff.</p> <p>"Tender" means an offer by a Shipper to the Carrier of a quantity of petroleum for transportation from (a) specified origin(s) to (a) specified destination point(s) in accordance with these rules and regulations.</p> <p>"Transferor" means the party who or which requests Carrier to recognize and record a change in ownership of Petroleum from his or its account to a designated Transferee's account.</p>
10	Commodity	The Carrier will transport Petroleum as defined in Item 5, exclusively, and will not accept any other commodity for transportation.
15	Specifications as to Quality Received	No Petroleum will be accepted for transportation except good merchantable Petroleum of the gravity of fifteen degrees (15°) A.P.I. (American Petroleum Institute) or higher which is properly settled and weathered, as determined by Carrier, and contains not more than two-tenths of one percent (0.2%) water, nor more than an overall total of one-half of one percent (1/2 of 1%) of basic sediment, water, and other impurities, above a point four inches (4") below the pipe line connection with the tank from which it enters Carrier's facilities. No Petroleum will be accepted unless its gravity, viscosity and other characteristics are such that it will be readily susceptible of transportation through the Carrier's existing facilities and it will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier.

The presence of contaminants in Petroleum, including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons and/or lead, shall be reason for Carrier to reject any petroleum, and in the event any Shipper has tendered, and Carrier is transporting or has transported, contaminated Petroleum, such shipper shall be liable for any and all direct and consequential damages resulting therefrom and such Shipper shall save Carrier harmless from any and all claims, suits, costs, expenses, and/or judgments, arising from, directly or indirectly, the presence of contaminated Petroleum.

- 16 **Mixtures**
- (a) Indirect Products will be received for transportation only on condition that the Indirect Products shall be mixed in Carrier's pipeline with Petroleum, and providing both the Indirect Products and the Petroleum are owned by the same Shipper or consignee and are consigned to the same destination, and operating conditions, including Carrier's facilities, and the receiving facilities are such that the Indirect Products shall not be commingled with Crude Petroleum owned by any other Shipper.
- (b) The Indirect Products portion of the mixture will be accepted for transportation at reception points other than the one at which the Petroleum portion of the same mixture is received, provided that the Shipper, consignee, and destination are the same, and that operating conditions, including Carrier's facilities, and the receiving facilities are such that the Indirect Products shall not be mixed with the Crude Petroleum owned by any other Shipper. The rate to be assessed on each portion of the mixture shall be the rate applicable from the reception point at which each is received.
- (c) Mixtures will be transported and delivered as Petroleum. Nothing in this Item is to be construed to waive provisions of Item 20 of this tariff or to require the Carrier to receive, transport, and deliver unmixed Indirect Products.

- (N)19 **Line Fill Requirement**
- Carrier may require each shipper to supply a pro rata share of Petroleum for line fill necessary for the efficient operation of Carrier's system. Each shipper shall provide Carrier with a quantity of Petroleum approximately equal to twenty five percent (25%) of the highest total volume of Petroleum tendered by such shipper in any one month during the preceding twelve (12) months.

Such line fill Petroleum may be withdrawn from Carrier's system only after a reasonable time and subsequent to: (1) Shipper having ceased tendering shipments and notified Carrier in writing that it would no longer tender shipments to Carrier; (2) Shipper balances having been reconciled between shipper and Carrier; and (3) Shipper having paid Carrier for all services.

- (20) **Responsibility for Quality Delivered:**
- Petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity, quality or characteristics while in transit as may result from its mixture with other Petroleum in the pipelines or tanks of the Carrier. Subject to the foregoing, the Carrier will use its best efforts to deliver Petroleum of a type equivalent to that accepted from the Shipper; however, the Carrier shall be under no obligation to make delivery of the identical Petroleum received but may make delivery out of common stock.

Carrier shall have no responsibility in, nor for, any revaluation or settlements which may be deemed appropriate by Shippers and/or consignees because of mixing or intermingling of Petroleum shipments between the receipt and delivery of such shipments by Carrier, other than furnishing volume and gravity data on the Petroleum received and delivered, except as provided in Item 68 herein.

Notwithstanding the previous paragraphs, if a shipper requests that its Petroleum be shipped separate from the common stream and has the necessary facilities to allow batching, Carrier will, to the extent permitted by its existing facilities and operating conditions, endeavor to segregate such Petroleum during transportation and to make delivery of substantially the same Petroleum at destination; provided that in such

instances Carrier may require Shipper to make the Petroleum available in such quantities and at such times as may be necessary to permit such segregated movement in light of Carrier's operating conditions; and provided further that Carrier shall not be liable for failure to deliver the identical Petroleum or for any variations in quality while in Carrier's custody.

25

Title

Carrier will accept no Petroleum for transportation the title to which is in litigation or as to which a dispute of title exists or which is encumbered by any lien, unless sufficient indemnity to protect the Carrier has been furnished by Shipper or consignee. Tender of petroleum shall be deemed a warranty of unencumbered title but acceptance for transportation shall not be deemed a representation by the Carrier as to title.

Alternatively, Carrier may, at its option, require a Shipper to post an indemnity bond or bonds to protect Carrier against any loss whatsoever from having transported and/or petroleum, title to which is or may be in dispute.

30

**Gauging,
Testing, and
Volume
Corrections:**

a) Prior to its acceptance at origin and upon its delivery at destination, Petroleum must be gauged and tested by a representative of the Carrier. Except as provided below in this Item 30, quantities will be determined from regularly compiled one hundred percent (100%) tank tables or by Carrier approved automatic equipment, and corrected to the temperature of sixty degrees (60°) Fahrenheit. Deductions will be made for the full amount of basic sediment, water and other impurities as ascertained by centrifuge or other test agreed upon.

b) Any Shipper shall allow Carrier to run, and obtain the results of, an "indicator test" of one sample from a discrete quantity of Petroleum which Shipper desires Carrier to transport, and Carrier shall not accept such Petroleum unless Carrier's indicator test does not show the presence of chlorinated or oxygenated hydrocarbon contamination. Carrier shall charge Sixty Dollars (\$60.00) per test for each such test run by Carrier.

If Carrier's indicator test shows the presence of said contamination, Carrier shall submit, via surface transportation, said sample to a professional testing laboratory experienced in testing for contaminants in Petroleum and acceptable to both Shipper and Carrier for definitive analysis, and if said laboratory finds any contaminants, then such Petroleum shall not be accepted by Carrier and Shipper shall be responsible for proper disposition of the contaminated Petroleum and Shipper shall pay Carrier all costs incurred in obtaining the analysis, plus an additional ten (10) percent thereof for Carrier's handling costs, but if said laboratory does not find contaminants in such sample Carrier shall bear such costs and accept Petroleum for transportation. Carrier shall perform all tests as expeditiously as possible, in order to impose no undue delay on Shippers.

Nothing in this Item 30(b) requires Carrier to run an indicator test prior to accepting any Petroleum; nor does it excuse any Shipper from complying with any requirement in any other Item in this tariff, or from liability for failing, in whole or in part, to comply therewith, whether or not an indicator test is run. Carrier does not hold itself out to be and is not, in the business of performing chemical analyses, and neither Carrier nor any employee thereof shall be liable for any claims, demands, losses, or damages suffered by any Shipper because of the running, or results of, any tests or analyses, except as such may arise from the willful negligence of, or acts in bad faith by, Carrier or any employee thereof.

c) When, in Carrier's opinion, Shipper'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 tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until acceptable conditions have been corrected. Alternatively, in the case of extraneous matter, incrustations inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.

From the net quantities so determined for acceptance, a further deduction of two-tenths of one percent (.2%) will be made to cover evaporation and loss during transportation, and the balance will be the net quantities deliverable. An additional five per cent (5%) will be deducted from all Indirect Products received into the system to allow for inherent shrinkage and evaporation.

In the case of unweathered Petroleum, Carrier may determine a further reduction factor to reflect the additional amount of shrinkage Carrier estimates will occur because of the lack of weathering.

The net quantities so determined for acceptance will be the net quantities deliverable.

31 **Minimum Quantity:** The Carrier will not be required to receive for transportation, from any one Shipper, a quantity of less than 10,000 barrels per month.

35 **Points of Origin, Destination, and Facilities** Carrier will receive Petroleum from Shippers only at established receiving points on its system. Petroleum will be received only from facilities provided or arranged for by Shipper. Carrier will determine and advise Shippers of the facilities to be provided at the point of a receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Petroleum for transportation unless such facilities have been provided.

Carrier will deliver Petroleum to consignees at established destination points on its system. Petroleum will be delivered only into facilities which are provided by or arranged for by Shipper or consignee.

Carrier will determine and advise Shippers and consignees of the size and capacity of facilities to be provided at point of delivery to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Petroleum for transportation unless such facilities have been provided.

Any Petroleum that may arrive at destination and not be accepted by the Shipper or consignee may be disposed of in any reasonable manner as determined by the Carrier.

Carrier has working tanks that are needed by Carrier to transport Petroleum but has no other tanks and, therefore, does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage during transit in facilities furnished by Shipper at points on Carrier's system will be permitted to the extent authorized herein.

36 **Access and Use of Shipper's and Producer's Facilities** Carrier shall have the right to install, in suitable locations, and to operate and maintain, pipe lines, pumping equipment, other auxiliary pipe line equipment, and power service facilities upon and across surface lands held by the Shipper and producer in connection with Petroleum tendered for transportation under this tariff.

Carrier, by its representative, shall have the right to go upon the premises where Petroleum tendered for shipment is produced or stored, and shall have access to any metering installations or storage receptacles for the purpose of making examinations, inspections, measurements, or tests authorized by, or necessary to effectuate, these regulations.

Carrier shall be allowed full and free use of roads and airstrips built, owned or leased by the Shipper or producer when, in the Carrier's opinion, their use is required for access to, and the operations and maintenance of, Carrier's pumping equipment and pipe line system. The producer shall maintain such roads in a reasonable condition.

40 **Application of Rates and Charges:** Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of the net quantities of Petroleum

delivered, and said net quantities will be determined in the manner provided in Item 30.

- 41 **Pipage or
Other
Contracts
Required:** When a new service is requested, Carrier may require separate pipage or other contract(s) covering further details, before any duty for transportation shall arise.
- 45 **Tenders
Required:** Petroleum for shipment through lines of Carrier will be received only on properly executed Tenders showing the point at which the petroleum is to be received, point or points of delivery, consignee, and amount of Petroleum to be gathered and transported. All Tenders shall be of Crude petroleum and shall be for a common stream, unless otherwise noted. Any Shipper desiring to tender Petroleum for transportation shall make such Tender to the Carrier in writing on or before 4:00 p.m. (MT) on the 25th day of the month preceding the month during which the transportation under Tender is to begin or, if the 25th is not a business day, then on or before 4:00 p.m. (MT) on the next preceding business day; except that, if space is available for current movement a Shipper may tender Petroleum for transportation after the 25th day of the month preceding the month during which the transportation under the Tender is to begin. Carrier may refuse to accept Petroleum for gathering and transportation unless satisfactory evidence be furnished that the Shipper or consignee had made provisions for prompt receipt thereof at destination. Carrier reserves the right in the event of Tenders in excess of its facilities or capacity to make equitable apportionments or to refuse any such Tender in order to limit accepted Tenders to an amount which will be within the capacity of its facilities.
- 46 **Intrasystem
Transfers** One (1) cent 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. Any verbal transfer requests shall be confirmed in writing within (5) days by both 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.
- 47 **Transit
Privilege** At the request of the Shipper or consignee, a shipment may be stopped in transit at a point intermediate to final destination on Carrier's pipeline, provided:
- a) No backhaul by Carrier is involved;
 - b) Such shipment shall consist of at least 10,000 barrels;
 - c) Shipper or consignee has provided all facilities, including connections, meters and tank(s) for receiving the shipment at the transit point at the pressures and flow rates Carrier may require;
 - d) Shipper or consignee has provided facilities including meter(s) and pumping equipment to redeliver the shipment to Carrier's line at the transit point at pressures and flow rates Carrier may require;
 - e) Transportation charges based on Carrier's effective tariff rate from point of origin to the destination point next beyond the transit point shall be collected on all Petroleum moving under this transit privilege after arrival at the transit point;
 - f) Upon passing through the inlet flange of the Shipper/consignee's facility at the transit point, custody and possession of the shipment shall pass to Shipper/consignee, and Carrier shall not be liable for any loss of damage thereto while in Shipper/consignee's possession;
 - g) Carrier will provide Shipper/consignee with a delivery ticket showing the number

of barrels and their gravity given into Shipper/consignee possession at the transit point. Any Shipper requesting transit privileges from the transit point shall submit a copy of such delivery ticket to Carrier at the time of tendering from the transit point.

h) Shipments must be tendered for reforwarding from the transit point within twelve (12) months from the date of the inbound movement to the transit point as shown on delivery records; provided, however, that no such reforwarded shipment, or any other Petroleum mixed therewith, shall be commingled in a common stream.

i) When Petroleum is reshipped from the transit point, transportation charges for such additional movement shall be the through rates from point of origin to final destination in effect on the date of the original shipment, contained in Carrier's effective tariffs, less the amount paid Carrier under (e) above, plus a transit fee of one-half (1/2) cent per barrel.

50 **Payment of Charges** The Shipper of Transferor shall be obligated to pay Carrier all charges and fees upon Carrier's performance of the designated service(s). Payment of such charges and fees shall be made in accordance with invoice terms and these rules and regulations. Carrier may, at its option, require the Shipper or Transferor to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier.

Carrier is entitled to a lien for all accrued unpaid charges and fees. Such lien attaches to any Petroleum retained by Carrier for the Shipper's or Transferor's account. Carrier may, at its option, refuse to: (1) deliver to the Shipper, or (2) recognize and record any change in ownership of Petroleum for the account of a Transferor until all charges or fees owed to Carrier have been paid in full by such party.

If any charge remains unpaid after the payment due date, then such amount due shall bear interest calculated at an annual rate equivalent to 125% of the [W] Prime Rate as quoted in the Wall Street Journal at the end of the calendar month of the ~~base lending rate of interest charged by the United Bank of Denver, Denver, CO, for loans made to substantial and responsible commercial borrowers,~~ from the payment due date of the invoice to the date payment is received by Carrier.

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

51 **Charge for Spill Compensation:** In addition to the transportation charges and all other charges accruing on Petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee or other charge levied against the Carrier in connection with such commodity, pursuant to any Federal, State or local act or regulation which levies a tax, fee or other charge, on the receipt, delivery, transfer or transportation of such commodities within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom.

55 **Liability of Carrier:** Carrier, while in possession of any of the Petroleum herein described, shall not be liable for any loss thereof, damage thereto or delay caused by fire, storm, flood, epidemics, acts of God, riots, war, sabotage, strikes, the authority of law, public enemy, or the act of default of the Shipper or consignee, or from any cause whatsoever, whether enumerated herein or not, except by its own direct negligence. In case of the loss of Petroleum from any cause other than the direct negligence of Carrier, the Shipper shall bear a loss in such proportion as the amount of his

With respect to Crude petroleum gathered by Carrier, "Wyoming General Sour" means Crude Petroleum which contains in excess of 0.5% sulfur by weight at the wellhead and "Wyoming Sweet" means Crude Petroleum which contains no more than 0.5% sulfur. [C] by weight at the well head and, except as hereinafter provided, no Crude petroleum exceeding 0.5% sulfur by weight shall be commingled in the Wyoming Sweet common stream. Crude Petroleum produced from a well completion which, because such well is connected to a sweet Crude Petroleum gathering line of Carrier and is not connected to a sour Crude Petroleum gathering line, has, prior to October 17, 1988, been gathered as sweet Crude Petroleum even though such Crude Petroleum exceeds 0.5% sulfur by weight, may continue to be commingled in the Wyoming Sweet common stream for the commercial production life of such well completion, if shippers of sixty percent (60%) of the barrels in the Wyoming Sweet common stream during January, 1989, consent thereto. The absence of a written negative response received by Carrier by 5:00 p.m. (MT) of the tenth business day following Carrier's contact of a Shipper shall constitute consent. However, no other Crude Petroleum exceeding 0.5 % sulfur by weight shall be commingled in the Wyoming Sweet common stream.

~~Each~~ The common stream will have one receipt bank and one delivery bank as shown:

STRUCTURE OF THE BELLE FOURCHE GRAVITY BANKS

COMMON STREAMS	RECEIPT LOCATIONS	DELIVERY LOCATIONS
Wyoming General Sour	Gathered in Northeast Wyoming Counties	Ft. Laramie/Guernsey [C] Osage Donkey Creek [C] Hilight
Banks	1	1
[C] Wyoming Sweet	Gathered in Northeast Wyoming Counties	Ft. Laramie/Guernsey Osage Glenrock Donkey Creek Hilight Crawford
Banks	1	1

[N] Note 1: Due to the lack of sweet Crude Petroleum, there is no sweet Gravity Bank. These services will be offered at such time as sufficient quantities of sweet Crude Petroleum become regularly available.

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

GRAVITY VALUE FORMULAE

COMMON STREAM	GRAVITY RANGE, °API	GRAVITY VALUE, \$/BARREL
Wyoming General Sour	(15.0-33.9)	4.000 + (*API-15.0)(0.20)
	(34.0-35.9)	7.800 + (*API-34.0)(0.04)
	(36.0-39.9)	7.880 + (*API-36.0)(0.02)
	(40.0-44.9)	7.960
	(45.0+)	7.960 - (*API-15.0)(0.15)
[C]	(15.0-39.9)	4.500 + (*API-15.0)(0.02)
Wyoming Sweet	(40.0-49.9)	5.000

The format used is independent of the price of the Crude Petroleum.

All Crude Petroleum gravitates are to be recorded to the nearest one-tenth degree API for use in the formulae.

GRAVITY VALUE FORMULAE EXAMPLES

Wyoming General Sour

Batch 'A' Gravity is 17.5°, which is between 15.0° and 33.9° API.

$$\text{Gravity Value is: } 4.000 + (17.5-15.0)(0.20) = \underline{\$4.50}$$

Batch 'B' Gravity is 46.0°, which is over 45.0° API.

$$\text{Gravity Value is: } 7.960 - (46.0-45.0)(0.15) = \underline{\$7.81}$$

The difference in Gravity Value between Batch 'A' and Batch 'B' is:

$$\$7.81 - \$4.50 = \underline{\$3.31}$$

This can be derived in another manner:

Gravity Adjustment below 40° is as follows:

$$(40.0 - 36.0) (0.02) = \$0.08$$

$$(36.0 - 34.0) (0.04) = \$0.08$$

$$(34.0 - 17.5) (0.20) = \underline{3.30}$$

$$\text{Total} \qquad \qquad \qquad \$3.46$$

Gravity Adjustment above 45° is as follows:

$$(45.0 - 46.0)(0.15) = 0.15$$

$$\text{GRAVITY VALUE DIFFERENCE} = \underline{\$3.31}$$

Adjustments among Shippers or Transferors of Crude Petroleum for differences in gravity will be made for Crude Petroleum received into and delivered from the commingled common stream operations of the Carrier's system. Gravity Bank calculations must be made on each shipment at each receipt point, without averaging by Shipper. Gravity Bank calculations must be made on each delivery at each delivery point, without averaging by Shipper. Adjustment will be made for each commingled common stream as set forth in this Item 68, with such adjustments being effected by a process of debits and credits and interchange of funds amount the Shippers or Transferors involved in Carrier's gravity banks.

Adjustments will be made for each Shipper's or Transferor's volumes transported in a commingled common stream in the following manner:

The weighted average gravity value of a gravity bank will be determined for all Crude Petroleum being received into each commingled common stream and similarly for the Crude Petroleum being delivered out of the Carrier's System from each commingled common stream. This value will be determined by dividing the total number of barrels received (barrels delivered out for the delivery calculations) in each commingled common stream into the sum total of the products obtained by multiplying each receipt (delivery) volume in such stream by its appropriate gravity value. Each Shipper's or Transferor's gravity value will be determined by multiplying the quantity of barrels received (or delivered for delivery calculations) in the applicable bank of the commingled common stream by the gravity value per barrel obtained from the appropriate Crude Petroleum gravity value formula.

**A.
Receipts by
Carrier**

I. The weighted average gravity value per barrel of each Shipper's or Transferors' total barrels received by Carrier for movement in a commingled common steam will be computed as previously described.

II. The weighted average gravity value per barrel of all Shipper's or Transferors' barrels delivered to Carrier for movement in a commingled common stream will also

be computed in a similar manner.

(a) If the weighted average gravity value per barrel of a Shipper or Transferor as determined under I is greater than that determined under II, the Shipper or Transferor will be credited an amount which shall be calculated by multiplying the differences in gravity value per barrel by the total barrels delivered to Carrier by such Shipper or Transferor for movement in the applicable bank of the commingled common stream.

b) If the weighted average gravity value per barrel of a Shipper or a Transferor as determined in I is less than that determined under II, the Shipper or Transferor will be debited an amount as calculated in (a) above.

TYPICAL RECEIPT BANK WYOMING GENERAL SOUR COMMON STREAM

SHIPPER	VOLUME BBLs.	MEASURED GRAVITY •API	*GRAVITY VALUE \$/BBL.	VOLUME X-VALUE \$
A	10	36.0	7.880	78.80
	20	21.0	5.200	104.00
	<u>10</u>	23.0	<u>5.600</u>	<u>56.00</u>
	40		5.970	238.80
B	20	22.0	5.400	108.00
	<u>20</u>	21.0	<u>5.200</u>	<u>104.00</u>
	40		5.300	212.00
C	5	34.0	7.800	39.00
	5	46.0	7.810	39.05
	5	20.0	5.000	25.00
	<u>5</u>	25.0	<u>6.000</u>	<u>30.00</u>
	20		6.6525	133.05
TOTAL	100		5.8385	\$583.85

Average Value of Receipts: \$5.8385

Shipper A's average gravity value is \$5.970, which is higher than the \$5.8385 average. Therefore, A receives $40(5.970 - 5.8385) = +5.26$

Shipper B's average gravity value is \$5.300, which is less than the \$5.8385 average. Therefore, B pays $40(5.300 - 5.8385) = +21.54$

Shipper C's average gravity value is \$6.6525, which is higher than the average. Therefore, C receives $20(6.6525 - 5.8385) = +16.28$

The sum of payments equals the sum of the receipts.

*As calculated using the Gravity Value Formulae.

B.
Deliveries
By Carrier

III. The weighted average gravity value per barrel of each Shipper's total barrels delivered by Carrier at specific locations from a commingled common stream will also be computed as previously described.

IV. The weighted average gravity value per barrel of all Shippers' barrels delivered at specific locations by Carrier from a commingled common stream will also be computed.

(a) If the weighted average gravity differential value per barrel of a Shipper as determined under III is greater than that determined under IV, the Shipper will be debited an amount which shall be calculated by multiplying the differences in

gravity value per barrel by the total barrels delivered by Carrier from the applicable commingled common stream for such Shipper's account.

(b) If the weighted average gravity differential value per barrel of a Shipper as determined in III is less than that determined under IV, the Shipper will be credited with an amount as calculated in (a) above.

V. Calculations for receipts and deliveries shall be made each calendar month.

TYPICAL DELIVERY BANK WYOMING GENERAL SOUR

SHIPPER	VOLUME BBLs.	MEASURED GRAVITY •API	*GRAVITY VALUE \$/BBL.	VOLUME x VALUE \$
A	10	26.5	6.300	63.00
	5	27.0	6.400	32.00
	<u>10</u>	28.0	<u>6.600</u>	<u>66.00</u>
	25		6.440	161.00
B	10	27.5	6.500	65.00
	20	29.0	6.800	136.00
	<u>15</u>	28.5	<u>6.700</u>	<u>100.50</u>
	45		6.700	301.50
C	10	27.0	6.400	64.00
	10	27.5	6.500	65.00
	<u>10</u>	26.5	<u>6.300</u>	<u>63.00</u>
	30		6.400	192.00
TOTAL	100		6.545	\$654.50

Average Value of Receipts: \$6.545

Shipper A's receives a gravity lower than average value of \$6.545 therefore A receives payment $25(6.545 - 6.440) = \underline{+2.625}$

Shipper B's average gravity value higher than average value of \$6.545 there B pays $45(6.545 - 6.700) = \underline{\$6.975}$

Shipper C receives a gravity value lower than average value of \$6.545 therefore C receives payment $30(6.545 - 6.400) \underline{+4.350}$

The sum of payments equals the sum of the receipts.

*As calculated using the Gravity Value Formulae.

The calculation of each Shipper's or Transferor's debits and credits will be made and a statement provided for each calendar month. This statement will show the total shipments in each bank and each Shipper will receive a tabulation of their shipments in each bank. Total shipments will be shown without identification as to Shippers, but field number, lease number, volume, average gravity and origin by injection point will be given.

The credit and debit balances will be adjusted between all Shippers and Transferors by collecting funds from those Shippers or Transferors having debit balances and by thereafter remitting funds so collected to the Shippers or Transferors having credit balances. Carrier or its Administrator may, at its option, require a shipper or Transferor to pay all estimated obligations in advance or to provide an irrevocable letter of credit satisfactory to the Carrier or Administrator for such obligations. Gravity Bank payments are due on the date specified on the invoice. Carrier or Administrator will pay out only the funds collected.

Gravity Bank payments shall not be an offset or other claim by any Shipper or Transferor against sums due the Carrier or Administrator for transportation costs or other fees and charges collected under Carrier's tariffs.

All Gravity Bank payments due from Shippers or Transferors shall be made in accordance with statement terms and these rules and regulations. Carrier or Administrator is entitled to a lien for all unpaid charges and payments due thereunder. Such lien attaches to any Petroleum retained by the Carrier or Administrator for the Shipper's or Transferor's account. If any charges or payments remain unpaid after the payment due date, then such amount due shall bear interest calculated at an annual rate equivalent to 125% of the [W] Prime Rate as quoted in the Wall street Journal at the end of the calendar month of the ~~base lending rate of interest charged by the United Bank of Denver, Denver, CO for loans made to substantial and responsible commercial borrowers from~~ the payment due date of the invoice to the date payment is received by the Carrier or Administrator.

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

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

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

The payor of the transportation charges for a common stream shipment shall also pay Carrier or its Administrator one-tenth (1/10) of a cent for each barrel received into a common stream.

- 70 **Application** Pending the issue of new rates from any new points or origin that may be established the following rule will govern: from any such origin not named in this tariff or an individual tariff, to a named destination, apply the rate published from the next more distant origin point named herein or in an individual tariff.

EXPLANATION OF REFERENCE MARKS:

[C] Cancellation. [W] Change in wording. [N] New.

