F.E.R.C. I.C.A. Oil Tariff

F.E.R.C. No. 1.1.0
Cancels F.E.R.C. No. 1.0.0

TARGA BADLANDS LLC
LOCAL PIPELINE TARIFF

Containing Rules, Regulations and Rates

Applying On the Gathering of

CRUDE OIL
(as defined herein)

FROM AND TO POINTS NAMED HEREIN

Subject to Rules and Regulations provided herein.

Filed in compliance with 18 C.F.R. § [W] ~~342.2 (Establishing Initial Rates)~~ 342.3 (Indexing).

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

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Table of Contents

Subject	Item No.	Page
Application of Rates	70	14
Assurance of Delivery at Destination	30	8
Carrier Discretion	110	17
Claims Against Carrier	90	15
Commodity	10	6
Connections	105	17
Definitions	5	3
Facilities at Origins and Destinations	25	7
Integrity of Product	55	11
Liability of Carrier	80	14
Liability of Shipper	85	15
Linefill Requirements	100	16
Measurement, Testing, and Deductions	40	10
Minimum Tender	20	7
Payment for Transportation and Other Charges	65	12
Pipeage or Other Contracts	115	17
Power Costs	75	14
Product Specifications	35	8
Prorationing of Pipeline Capacity	95	15
System Losses and Loss Adjustments	50	11
Tenders	15	6
Time Limitation	90	15
Title to Product, Possession, and Control	60	11
Variations in Quality and Gravity	45	10

RULES OF GENERAL APPLICATION

Carrier will receive, transport, and deliver Product through its facilities only as provided in these Rules and Regulations, or in succeeding reissues of these Rules and Regulations.

5. Definitions

"Allocation Volume" has the meaning given in Item 15.

"API" means the American Petroleum Institute.

"ASTM" means ASTM International, formerly known as the American Society for Testing and Materials.

"Available Capacity" means the operationally available capacity to Shippers on Carrier's pipeline, as applicable.

"Barrel" shall mean a volume of forty-two (42) United States gallons. One U.S. gallon shall be equal to two-hundred-thirty-one (231) cubic inches of liquid at sixty degrees Fahrenheit (60°F) and at the equilibrium vapor pressure of the liquid being measured.

"Base Period" means the six (6) consecutive Month period ending with the second Month prior to the Month for which Nominations are being apportioned in accordance with Item 95.

"BS&W" has the meaning given in Item 35.

"Carrier" shall mean Targa Badlands LLC.

"Collateral" has the meaning given in Item 65.

"Consignee" shall mean the person or entity to whom the Shipper has ordered delivery of Product.

"Crude Oil" means the mixture of hydrocarbons that exist in the liquid phase in natural underground reservoirs after passing through surface separation and well site treatment facilities and that remain liquid at atmospheric pressure.

"Day" shall mean the period of twenty-four (24) hours between 12:00 AM Central Standard Time of a calendar day and 12:00 AM Central Standard Time of the following calendar day.

"Destination Point" means the point at destination where physical custody of Product is transferred from Carrier to the Consignee, such point being the point of interconnection between Carrier's facilities and the Product receiving facilities to which Carrier's facilities are connected now or may be connected in the future.

"Financial Assurances" has the meaning given in Item 65.

"Force Majeure" means an event or occurrence, whether of the kind herein enumerated or otherwise, beyond the reasonable control of Carrier that interferes with or prevents Carrier's performance of any obligation or condition under this tariff, under a transportation service agreement, interconnect agreement, or other agreement affecting Carrier or Carrier's facilities, including but not limited to (i) acts of God; (ii) weather conditions or anticipated weather conditions and actions of the elements, including, without limitation, fires, explosions, earthquakes, storms, floods, freezing conditions, freezing of well(s) or pipes, washouts, lightning, hurricanes, tornadoes, landslides, severe winter weather, or weather that necessitates extraordinary measures and expense to construct facilities or maintain operations, and warnings for any of the foregoing which may necessitate the precautionary shut-down of wells, plants, pipes, gathering systems, or other related facilities; (iii) actions, orders, regulations, or requests of federal, state, or local government, or any agencies or Governmental Authority thereof, and compliance with court orders, or any laws, statutes, ordinances, rules, regulations, permits, or orders of any Governmental Authority, or any office, department, agency, or instrumentality thereof; (iv) insurrections, wars, rebellions, riots, disturbances, explosions, sabotage, terrorism, acts of a public enemy, blockades, embargoes, expropriation, condemnation, epidemics, strikes, lockouts, labor disputes or disturbances or difficulties (the settlement of strikes, lockouts, or labor disputes or disturbances); (v) arrests and restraint of governments and people; (vi) breakdowns or failure of pipes, plants, machinery, gathering systems, facilities, or equipment, disruptions to, breakages of, accidents to, or destruction of all or any portion of Carrier-owned or third party-owned pipes, plants, machinery, gathering systems, facilities, or equipment relied upon or contributing to provision of service under this tariff, including the inability to obtain power, water, fuel, equipment, parts, repairs or other items or services; (vii) inability to secure permits or secure rights of way or other real property rights, inability to timely obtain equipment, supplies, materials, permits, or labor and failures or delays in transportation; and (viii) any other causes, whether of the kind herein enumerated or otherwise. An event or occurrence similar to the foregoing that interferes with or prevents Carrier's performance of its obligations shall be deemed an event of Force Majeure.

"Gathering System" means the pipelines, custody transfer measurement, SCADA equipment, tanks, pumps, and appurtenances and facilities necessary to receive Crude Oil at the Origin Points and deliver at the Destination Points, and all modifications, alterations, replacements, extensions, or expansions made thereto from time to time.

"Governmental Authority" means any government, any governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, bureau, or political subdivision 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), including, without limitation, the Bureau of Indian Affairs, and any province, region, state, municipality, or other subdivision thereof, and any legislature, agency, ministry, court, or other authority or instrumentality exercising legislative, executive, regulatory, administrative, or judicial functions of government.

"Historic Shipment Volume" means the Monthly average of a Regular Shipper's volumes of Product actually shipped during the Base Period.

"Initial Nomination" has the meaning given in Item 15.

"LACT Units" means the Lease Automatic Custody Transfer units that, among other things, measure the volume and quality of the Crude Oil entering or leaving Carrier's system.

"Linefill" means the quantity of Product required by Carrier to occupy the physical space in Carrier's facilities to provide working stock and storage receptacle bottoms, if applicable, as determined by Carrier.

"Month" means a period of time commencing on the first Day of a calendar Month and ending on the first Day of the next calendar Month.

"New Shipper" means any Shipper that is not a Regular Shipper.

"Nomination" means a written communication (in form and context specified by Carrier) made by a Shipper to Carrier of a quantity of Product for transportation on the pipeline system in accordance with the terms of this tariff.

"Obligation" has the meaning given in Item 65.

"Origin Point" means the point where physical custody of Product is transferred from Shipper to Carrier, such point being the inlet delivery connection to Carrier's facilities.

"Product" shall mean Crude Oil which meets Specifications issued by Carrier and included in the items of these Rules and Regulations.

"Receiving Transporter" means the Crude Oil pipeline, trucking company, or rail facility receiving Crude Oil at a Destination Point.

"Regular Shipper" means a Shipper that has actual shipments on a given segment of Carrier's pipeline system during each Month of the Base Period.

"Receiving Pipeline" means the third-party pipelines connected to the Gathering System downstream of the Terminal.

"Reid Vapor Pressure" means the Reid Vapor Pressure specification of the Gathering System, which is defined by the most restrictive of the Receiving Pipelines, estimated to be between 11-13.7 psi as the absolute vapor pressure exerted by a liquid at 100 °F (37.8 °C) as determined by the test method ASTM-D-323 as may be amended from time to time.

"SCADA" means Carrier's supervisory control and data acquisition system used to remotely monitor Crude Oil.

"Shipper" shall mean the party Tendering Product that is accepted by Carrier for transportation of Product under the terms of this tariff.

"Specifications" has the meaning given in Item 35.

"System Capacity" means the operational capacity of the pipeline system at any applicable point in time.

"Tender" means delivery by Shipper to Carrier of a stated quantity of Product for transportation from one or more Origin Point(s) to a specified Destination Point on the system in accordance with this tariff.

"Terminal" means Carrier's Crude Oil facilities, including all tanks, pumps, pipelines, metering facilities, interconnects, truck loading racks, and all related facilities.

10. Commodity

Carrier is engaged in the transportation of Crude Oil meeting the Specifications set forth in Item 35 and will not accept any other commodity, except as provided herein.

15. Tenders

Shippers qualified to ship on Carrier's system, desiring to Tender Product for transportation hereunder shall submit Monthly Nomination(s) (a "Nomination") via the system which Carrier identifies, specifying the origin, destination, product type, quantity of Product to be shipped and, if applicable, whether such Product is being Tendered pursuant to an agreement or incentive program. Shippers shall submit an initial Nomination (an "Initial Nomination"), on or before the fifteenth (15th) Day of the Month preceding the Month of shipment, unless such Day falls on the weekend or is a holiday, in which case the due date for an Initial Nomination shall be the next business Day following the weekend or holiday. Unless such Initial Nomination is made, the Carrier shall be under no obligation to accept Product from such Shipper. At close of business on the Initial Nomination due date, each Shipper's Nomination will be considered binding as to Shipper. If a Shipper makes a Nomination after the Initial Nomination due date, Carrier shall notify Shipper if such Nomination will be accepted, and any such accepted Nomination shall be considered binding as to Shipper upon Carrier's notification of acceptance. A Nomination made after the Initial Nomination due date may not modify a binding Initial Nomination; rather, a Nomination made after the Initial Nomination due date shall be considered a new Nomination, incremental to any other Nomination made by Shipper. The sum of a Shipper's Initial Nomination and any accepted incremental Nomination shall be considered a Shipper's binding Nomination.

Shipper may make a new Nomination after the Initial Nomination due date or may modify the Initial Nomination prior to the Day of Tender by notice to Carrier using the system designated by Carrier. If a Shipper makes a new Nomination after the Initial Nomination due date, or modifies the Initial Nomination prior to the Day of Tender, Carrier shall notify Shipper if such new Nomination or modification to an Initial Nomination will be accepted, and any such accepted Nomination shall be considered binding as to Shipper upon Carrier's notification of acceptance.

If it is determined that insufficient capacity is available to accommodate all valid, timely, and properly submitted Nominations, Carrier will notify, via electronic bulletin posting or other appropriate method as selected by the Carrier, each Shipper that has tendered a Nomination for an allocated line segment or Destination Point. Carrier will allocate capacity in accordance with Carrier's then in effect Proration Policy. On or about two (2) business Days following the Initial Nomination deadline, Carrier will notify any allocated Shipper of such Shipper's allocated capacity. Each allocated Shipper will then have a period of two (2) business Days to adjust its Nomination as instructed by the Carrier to the volume equal to its allocation (the "Allocation Volume"). This adjusted Nomination shall be binding as to Shipper.

Shipper's actual Tenders shall conform as closely as possible to the applicable Nomination made by such Shipper for a given Month. Each Month, if volumes Tendered to Carrier for such Month for a Shipper's account differ from the applicable Shipper's Nominations for such Month, then Carrier may adjust such Nominations based on the Shipper's actual Tenders for deliveries to each Destination Point, on a non-discriminatory basis.

20. Minimum Tender

Carrier may take receipt or make delivery of Product in quantities of not less than twenty-five (25) Barrels per Day aggregate at a given Origin Point. Carrier reserves the right to take receipt or make delivery of less than twenty-five (25) Barrels per Day of Product, if such quantity can be consolidated with other Product such that Carrier can make a single delivery of not less than twenty-five (25) Barrels per Day. Shippers Tendering less than the minimum Tender volume shall be subject to a low volume penalty of $400.00 per Origin Point per Month.

Carrier may waive minimum Tender requirements, on a not unduly discriminatory basis, on deliveries to portions of Carrier's system to the extent reasonably necessary for the efficient operation of its system.

25. Facilities at Origins and Destinations

Carrier will provide only such facilities at the Origin Points or Destination Points that Carrier considers necessary for operation of the pipeline. Carrier provides no storage facilities (other than breakout storage as required to facilitate the receipt, transportation, and delivery of Product in accordance with these Rules). Product will be accepted for transportation only when Shipper has provided and/or contracted for facilities, including storage, at the applicable Origin Points and Destination Points (including without limitation with a Receiving Transporter) that are satisfactory to Carrier and are capable of delivering or receiving Product at pressures and pumping rates required by the Carrier. Such facilities may be provided or otherwise addressed, in a non-discriminatory manner, in separate agreements between Carrier and Shippers. See additional requirements regarding new facilities in Item 105.

30. Assurance of Delivery at Destination

Upon arrival of Product at the specified Destination Point, such Product will be delivered through metering facilities provided by Carrier or the operator of the receiving facility into receiving lines and storage facilities provided by Shipper. In the event Shipper or its Consignee does not have adequate facilities available to receive Product at the Destination Point in accordance with Carrier's schedule, Carrier may store, sell at public auction, or otherwise dispose of Product in accordance with Item 65 below.

35. Product Specifications

Crude Oil shall be accepted for transportation service only when such Crude Oil meets the following quality Specifications. These Specifications shall apply to each Barrel of a Shipper's Nomination and not be limited to the composite sample of the Nomination:

(a) API gravity of between thirty-six (36° F) and forty-eight degrees (48° F) Fahrenheit when corrected to sixty degrees (60° F) Fahrenheit unless there are more stringent requirements by any applicable carrier, any Receiving Transporter, or any laws or Governmental Authority, in which case such more restrictive requirements shall apply;

(b) has a Reid Vapor Pressure no more than 13.7 psi unless there are more stringent requirements by any downstream Receiving Pipeline, any Receiving Transporter, or any laws or Governmental Authority, in which case such more restrictive requirements shall apply;

(c) temperature of one-hundred and twenty Fahrenheit (120° F) or less or as required by the most restrictive Receiving Pipeline;

(d) the sulfur content does not exceed two hundredths of one percent (0.2%) unless there are more stringent requirements by any applicable carrier, any Receiving Transporter, or any laws or Governmental Authority, in which case such more restrictive requirements shall apply;

(e) the basic sediment, water, and other impurities ("BS&W") does not exceed more than one percent (1%) with a maximum of three-tenths of one percent (0.3%) water, as determined by the average of the representative samples unless there are more stringent requirements by any applicable carrier, any Receiving Transporter, or any laws or Governmental Authority, in which case such more restrictive requirements shall apply;

(f) readily susceptible for transportation through Carrier's existing facilities; and

(g) will not materially affect the quality of other shipments or cause disadvantage to other Shippers or Carrier.

Carrier may waive the foregoing Specifications on a nondiscriminatory basis where, in Carrier's judgment, not to be exercised in an unduly discriminatory manner, the receipt of any affected Barrels at particular Origin Points would not (i) adversely impact the ability of the common stream to remain within the foregoing quality Specifications or, if not in compliance with such quality Specifications, adversely impact the ability of deliveries to the affected Destination Points to satisfy the tariff quality Specifications of directly connected downstream pipeline carriers (including the requirements of the connection agreements entered into with such carriers), and (ii) otherwise adversely impact Carrier's pipeline, its facilities, or its operations.

Carrier reserves the right to reject Crude Oil that, in its discretion that is not to be exercised in an unduly discriminatory manner, does not meet the quality Specifications referenced in this tariff. In addition, Carrier shall reject Crude Oil containing contaminants including, but not limited to, chemicals such as chlorinated and/or oxygenated hydrocarbons and/or heavy metals such as lead and/or vanadium. Carrier reserves the right to reject Crude Oil if, in its discretion that is not to be exercised in an unduly discriminatory manner, deliveries of such quantities would not meet the tariff quality Specifications (including the requirements of the connection agreements entered with such carriers) of the directly interconnected downstream pipelines listed in Carrier's currently effective tariff. Where the transportation service nominated by a Shipper is effectuated by Carrier through backhaul, displacement, and/or exchange, Carrier's determination of whether receipts from such Shipper satisfy the quality Specifications herein may be based upon the actual physical delivery path rather than the nominated delivery path.

Carrier may, at its discretion that is not to be exercised in an unduly discriminatory manner, require, approve, or reject Crude Oil containing, or the injection into Crude Oil of, corrosion inhibitors, viscosity or pour point depressants, drag reducing agent, or other such additives in the Crude Oil to be transported.

Carrier reserves the right to reject Crude Oil that, in its discretion that is not to be exercised in an unduly discriminatory manner, if Shipper or Consignee has failed to comply with applicable laws, rules, and regulations made by Government Authorities regulating shipment of Crude Oil.

If, upon investigation, Carrier determines that Shipper has delivered contaminated Crude Oil or Crude Oil which otherwise fails to comply with the Specifications set forth above, Carrier may exclude Shipper from further entry into applicable segments of Carrier's pipeline until Shipper is able to comply with the quality Specifications referenced above, as determined by Carrier in its discretion that is not to be exercised in an unduly discriminatory manner. Carrier reserves the right to dispose of any contaminated Crude Oil in its pipeline. Disposal, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Crude Oil shall be borne by the Shipper introducing the contaminated Crude Oil into Carrier's pipeline.

Carrier may, from time to time, undertake to transport other or additional grades of Crude Oil to the extent Carrier elects, in its discretion that is not to be exercised in an unduly discriminatory manner, to offer such transportation by employing batched shipments. If, in Carrier's discretion, not to be exercised in an unduly discriminatory manner, sufficient quantities are not Nominated or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Oil.

Carrier may inject indirect products into Carrier's pipeline to facilitate the efficient operation of Carrier's facilities.

Carrier reserves the right to require Shipper to furnish a certificate by a licensed petroleum inspector confirming the quality and Specifications of the Product tendered for transportation hereunder.

Carrier reserves the right to waive, in a not unduly discriminatory manner, its required Specifications, if operating conditions permit such waiver.

40. Measurement, Testing, and Deductions

Product tendered for transportation shall be metered at each Origin Point and Destination Point by Carrier or the operator of the non-Carrier facility to which Carrier's facilities are connected, consistent with the provisions of the applicable agreement governing the interconnection of Carrier's facilities with those of the operator of the applicable non-Carrier facility, prior to or at the time of receipt or delivery. Shipper shall at all times have the privilege of being present or represented during all metering and testing. The volume of Product to be transported shall be determined in accordance with applicable API Manual of Petroleum Measurement Standards and applicable GPA Midstream Association procedures. The net balance after corrections or adjustments for pressure and temperature will be the quantity deliverable by Carrier and the transportation charges will be assessed in accordance therewith. The results of such testing or metering shall be final, subject to Item 15.

45. Variations in Quality and Gravity

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

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

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

50. System Losses and Loss Adjustments

Quantities of Product will be adjusted at the Destination Point to allow for inherent losses or gains, including but not limited to shrinkage, evaporation, measurement, interface losses, and other physical losses not due to the negligence of Carrier. Losses shall be charged proportionately to each Shipper in the ratio that such shipment, or portion thereof, received and undelivered at the time of the loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs. Shipper shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage determined as aforesaid.

55. Integrity of Product

Carrier will use its best efforts to transport Product to the specified Destination Point with a minimum of contamination. Carrier may commingle Product received for transportation and reserves the right at any time to substitute and deliver a Product of the same specification as the Product Tendered by Shipper. Product will be accepted for transportation service only on the 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 Product. Carrier shall be under no obligation to make delivery of the identical Product, but may make delivery out of the common stream and Shippers will be required to accept such delivery. For pipeline protection, Carrier may inject corrosion inhibitor in the Product to be transported, and Shipper will accept delivery of Product at the specified Destination Point containing the corrosion inhibitor.

60. Title to Product, Possession, and Control

Title. Carrier reserves the right to reject, in a not unduly discriminatory manner, any Product for transportation that may be encumbered by a lien or charge of any kind, or that may be involved in litigation, or the ownership of which may be in dispute, unless Shipper provides satisfactory evidence of its perfect and unencumbered title or satisfactory indemnity bond to protect against any and all loss.

By Nominating Product, the Shipper warrants and guarantees that the Shipper has either good title to all Product Tendered and delivered hereunder, or the right to Tender such Product hereunder, and agrees to hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense resulting from failure of the foregoing warranty to be true. Carrier's acceptance of Shipper's Product for transportation service is not an admission by Carrier that Shipper holds good title thereto or the right to Tender such Product, and is not a waiver of Shipper's obligation to have good title thereto or the right to Tender such Product.

Possession, Control. Shipper shall be deemed to be in exclusive possession and control of all Product for which services are provided hereunder upstream of the Origin Point and at and downstream of the Destination Point. Carrier shall be deemed to be in exclusive possession and control of all Product at and downstream of the Origin Point and upstream of the Destination Point.

65. Payment for Transportation and Other Charges

Shipper shall pay all charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's Product by the Carrier and if required by Carrier, shall pay the same before acceptance or delivery by Carrier of Shipper's Product. Carrier will invoice Shipper based on receipts into Carrier's pipeline for charges or other lawfully due amounts on a Monthly basis. The Shipper shall pay all invoiced amounts within thirty (30) Days of the date of invoice from Carrier. If any amounts owed by Shipper are not paid by the due date of Carrier's invoice, Carrier shall have the right to assess an interest charge on the entire past due balance until paid in full at the rate equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the maximum non-usurious interest rate which may then be charged by law.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Product be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

Carrier shall have a lien upon all of the following, whether now or hereafter existing or acquired, as collateral security for the prompt and complete payment and performance of the Obligations (as defined below): (a) all product of Shipper in the possession of Carrier or its agents including Linefill; (b) all of Shipper's prepayments, deposits, balances and credits with, and any of its claims against, Carrier, at any time existing; and (c) all proceeds of any of the foregoing property in any form (collectively, "Collateral"). The foregoing lien and Collateral secures all of the following obligations of Shipper (collectively, the "Obligations"): (i) any and all charges owed to Carrier by Shipper under this tariff or otherwise lawfully due to Carrier, including penalties, interest, and late payment charges; (ii) the reimbursement of any costs or amounts Carrier may advance, spend or incur for the storage, preservation, removal or sale of the Collateral or otherwise to enforce the lien or these Obligations; and (iii) all amounts owed under any modifications, renewals, or extensions of any such Obligations. The lien provided in this tariff is in addition to any lien or security interest provided by applicable law and any and all other rights and remedies Carrier may have at law or in equity.

If any amounts accruing and owed to Carrier remain unpaid for thirty Days after written notice and demand therefor, then the Carrier or its agents shall have the right, in addition to and not in limitation of its other rights and remedies, to sell any or all of the Collateral at public auction, on any Day not a legal holiday. The date for the sale shall be at least 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 a description and the location of the Collateral to be sold. At such sale, Carrier or any of its affiliates shall have the right to bid, and if the highest bidder, to become the purchaser. Carrier shall apply the proceeds of any such sale to the payment of Obligations accruing or due to Carrier and to the reimbursement of expenses associated with the sale of the Collateral, and the balance remaining, if any, shall be paid to or held for whomsoever may be lawfully entitled thereto.

Carrier may, with or without notice to the Shipper, appoint agent(s) to retain possession of the Shipper's Product on behalf of the Carrier for the purpose of enforcing the lien described in this Item. Carrier shall have the right to file all such documents as it deems appropriate in order to perfect or maintain the perfection of the security interest, lien, and assignment granted herein and Shipper shall cooperate and execute all such documents as may be reasonably requested by Carrier.

If Shipper fails to satisfy when due any Obligations to Carrier, then Carrier shall have the right, until all such Obligations, including interest thereon, are paid in full to: (i) refuse to provide Shipper access to Carrier's facilities or provide transportation services for Shipper's Product; (ii) setoff (including by set-off, offset, recoupment, combination of accounts, deduction, retention, or counterclaim) any amounts owing to Carrier against any monies owed by Carrier to Shipper or Shipper's affiliates under this tariff, any contract, or against any Product of Shipper in the custody of Carrier or its agents; and (iii) exercise any other rights or remedies under this tariff, any contract with Shipper, or under applicable law or in equity, provided that Carrier will only exercise its right to refuse to provide Shipper access to Carrier's facilities or provide transportation services if Shipper has not provided Financial Assurances to Carrier sufficient in Carrier's reasonable discretion, not to be exercised in an unduly discriminatory manner, to satisfy the Obligations, provided further, notwithstanding any such Financial Assurances, if such Obligations have remained unsatisfied for sixty (60) Days past the date due, even if Shipper has provided Financial Assurances, Carrier shall have the right to refuse Shipper access to Carrier's facilities or provide transportation services for Shipper's Product until such Obligations have been satisfied. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid Obligations, including reasonable attorney fees and costs incurred by Carrier.

At any time, upon the reasonable request of Carrier, any Shipper or prospective Shipper shall provide information to Carrier that will allow Carrier to determine the Shipper's or prospective Shipper's capacity to perform any Obligations that could arise under the terms of this tariff.

In the event Carrier determines that:

(1) the Shipper or prospective Shipper's financial condition is or has become impaired or unsatisfactory;

(2) any Financial Assurances previously provided by a Shipper no longer provides adequate security for the performance of such Shipper's Obligations; or

(3) Carrier otherwise determines that it is necessary to obtain additional Financial Assurances from Shipper.

Then Carrier, upon notice to Shipper, may require one or more of the following ("Financial Assurances") for the payment of the Obligations, to be provided at the expense of Shipper:

(1) prepayment (which will be held by Carrier without interest accruing thereon) in an amount and in a form satisfactory to Carrier;

(2) a standby irrevocable letter of credit in favor of Carrier in an amount and in a form satisfactory to Carrier and issued by a financial institution;

(3) a guaranty in an amount and in a form satisfactory to Carrier and provided by a guarantor acceptable to Carrier; or other enforceable collateral security or credit support, in form and substance acceptable to Carrier.

Shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of Shipper's Product by the Carrier. For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to the Carrier under this tariff, those charges and costs shall include, but are not limited to, transportation charges, shortfall payments, and negative Shipper's balance positions.

Carrier shall not be obligated to accept Product for transportation from or to provide access to Carrier's facilities to a Shipper or prospective Shipper if Shipper or prospective Shipper fails to provide the requested information to Carrier within ten (10) Days of Carrier's written request, or if Carrier's review of the requested information reveals that the Shipper or prospective Shipper does not have the capacity to perform the Obligations and such Shipper or prospective Shipper fails to provide Financial Assurances requested by Carrier.

70. Application of Rates

Product transported shall be subject to the rates in effect on the date such Product is accepted for transportation by the Carrier.

For Product accepted for transportation from any point on Carrier's line not named in a particular tariff which is intermediate to a point from which rates are published therein, through such unnamed point, Carrier will apply the rate published therein from the next more distant point specified in such tariff. For Product accepted for transportation to any point on Carrier's line not named in a particular tariff which is intermediate to a point to which rates are published therein, through such unnamed point, Carrier will apply the rate published therein to the next more distant point specified in such tariff pending establishment of new rates.

75. Power Costs

Carrier shall track the cost of providing electric power to operate the pipeline system each Month and shall allocate such costs on a pro rata basis to each Shipper based on its Tenders.

80. Liability of Carrier

(a) Carrier shall not be liable for any loss of Product as described herein or damage thereto, or delay caused by an event of Force Majeure or any act or default of Shipper or from any other cause not due directly to the negligence of Carrier. Carrier will not be liable for discoloration, contamination, or deterioration of Product transported hereunder unless directly resulting from the negligence of Carrier.

(b) In addition, the Carrier shall not be liable for any injury, disease or death of any person or damage to or loss of any property, fine or penalty, any of which is caused by the negligence, gross negligence or willful misconduct of Shipper, its affiliates or any of their respective employees, representatives, agents or contractors in shipment of Product under this tariff or the handling, storage, transportation or disposal of any of the Product herein described.

(c) In no event shall Carrier be liable to Shipper for consequential, punitive, special, incidental or exemplary damages, or for loss of profits or revenues incurred by Shipper or its affiliates that arise out of or relate to shipments of Product under this tariff, regardless of whether any such claim arises under or results from contract, tort, or strict liability.

85. Liability of Shipper

As a condition precedent to Carrier's acceptance of Product for transportation under this tariff each Shipper agrees to indemnify and save Carrier harmless from any loss, claims, or damages (including but not limited to consequential damages and attorneys' fees and costs) for injury or death of any person and for damage to property of carriers, Shipper, Consignee and/or third party resulting from or arising out of (1) any breach of any provision of this tariff by Shipper, his Consignee, his agents, employees or representatives; (2) the negligence of Shipper, his Consignee, his agents, employees or representatives; (3) the injection of contaminants of any kind by Shipper, his Consignee(s) or consignors, his agents, employees or representatives into the Carrier's pipeline, and/or (4) failure of Shipper's Product delivered or accepted for transportation to meet Carrier's Specifications.

90. Claims Against Carrier; Time Limitation

As a condition precedent to recovery for loss, damage, delay or misdelivery, claims must be filed in writing with Carrier within nine (9) Months after delivery of Product, or in case of failure to make delivery, within ten (10) Months after receipt of the Product from Shipper by Carrier, and suits must be instituted against the Carrier within two (2) years from the Day when Carrier gives notice to the claimant that Carrier has disallowed the claim or any part thereof specified in the notice of claim. If claims are not filed or suits are not instituted thereon in accordance with these provisions, Carrier will not be liable, and claimant may not recover from Carrier.

95. Prorationing of Pipeline Capacity

All Nominations and shipments are subject to the prorationing policy of this tariff, described herein. Carrier will prorate the capacity of its facilities or a portion of its facilities during any Month when it determines, based upon the Nominations properly submitted by Shippers, that the total volume Nominated by all Shippers for shipment on Carrier's facilities or portion thereof during that Month exceeds the Available Capacity. If the total volume of Product Nominated is in excess of the Available Capacity, Product will be apportioned for acceptance and transportation per the following manner:

(1) Up to ten percent (10%) of the Available Capacity will be allocated among all New Shippers on a pro rata basis based on each such New Shipper's Nomination for the relevant Month; provided however, that no New Shipper shall be allocated more than five percent (5%) of the Available Capacity in this step 1.

(2) The remaining Available Capacity will be allocated among Regular Shippers proportionately based on the lesser of each such Regular Shipper's Monthly Historic Shipment Volume or its Nomination in the Month.

(3) Remaining Available Capacity will be allocated on a pro rata basis among remaining Regular Shippers that have unallocated Nominations.

(4) Remaining Available Capacity after the allocation set forth in Step 3 above will be allocated on a pro rata basis among remaining New Shippers that have unallocated Nominations.

(5) No Nominations shall be accepted beyond the amount that the nominating Shipper has readily accessible for shipment. To penalize inflation of Shippers' Nominations, in the event a Shipper Tenders volumes that are less than ninety percent (90%) of a Shipper's space allocation for the prorationing Month, then in the next Month in which prorationing under this Item is applied by Carrier, Shipper's allocation will be reduced by the amount of allocated throughput not shipped in the prior Month that was under proration. Reduction of a Shipper's allocation for failure to use its allocated capacity during a Month under proration may be waived, in whole or in part if Carrier determines, in its discretion that is not to be exercised in an unduly discriminatory manner, that the Shipper's failure to use all or some its allocated capacity was due to factors beyond the Shipper's reasonable control.

Carrier's capacity allocated to a Shipper in any Month may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. However, a Shipper's shipment history or 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 prorationed capacity or, in the case of a Regular Shipper, seek New Shipper status in order to pool two or more allocations to the benefit of the Shipper.

100. Linefill Requirements

Shipper will supply its pro rata share of Product for Linefill as Carrier determines is necessary to maintain efficient operations of Carrier's facilities.

105. Connections

Connections to Carrier's System will only be considered if made by formal written application to Carrier in accordance with Carrier's connection policy. All connections will be subject to design requirements necessary to protect the safety, security, integrity, and efficient operation of Carrier's system in accordance with generally accepted industry standards. Carrier will not agree to a connection that will adversely impact existing Shippers or Carrier's operations or system integrity or safety. Acceptance of any application for connection will be within the discretion of Carrier, not to be exercised in an unduly discriminatory manner, and will be subject to compliance with Governmental Authorities and industry regulations. Carrier may, on a non-discriminatory basis, require that any connection(s) be subject to Carrier's requirements for interconnecting receipt and/or delivery facilities and satisfactory reimbursement of Carrier's costs and expenses with respect to same.

110. Carrier Discretion

Carrier will operate and implement the Rules and Regulations contained in this tariff, including those provisions providing for Carrier's discretion, in a not unduly discriminatory manner.

115. Pipeage or Other Contracts

Separate pipeage and other contracts may be required of a Shipper before any duty of transportation by Carrier shall arise. A pipeage contract may include additional charges for reimbursement for facilities necessary to receive and/or deliver Shipper's shipments.

F.E.R.C. No. 1.1.0

Rate Sheet

TABLE OF RATES

All rates shown in dollars per Barrel

Origin Points	**Destination Points**			
	New Town	Stanley	Johnson's Corner	Alexander
Group 1[A]	[I] $1.8663	[I] $2.3907		
Group 2[B]			[I] $2.5357	[I] $2.4569
Group 3[C]				[I] $1.6056

A. Group 1: all Origin Points located east of the Missouri River in Mountrail County, ND. Only Origin Points located south of New Town are eligible for Nominations to the New Town Destination Point.
B. Group 2: all Origin Points located in Dunn County, ND and McKenzie County, ND west of the Missouri River and either east of Johnson's Corner or south of the Alexander terminal.
C. Group 3: all Origin Points located in McKenzie County, ND west of Johnson's Corner and north of the Alexander terminal.

Notes Applicable to Table of Rates:

1. Carrier is willing to provide additional Origin Points (including additional gathering facilities) to attach Crude Oil production where operationally practicable at locations determined by Carrier; provided, however, that the requesting Shipper is able to satisfy the terms and conditions of Carrier's tariff and has executed a long-term transportation, gathering, or other agreement that, in Carrier's judgment, not to be exercised in an unduly discriminatory manner, sufficiently provides for the Carrier's reimbursement of all costs associated with the construction and operation of such facilities, including an amount for an income tax gross-up.

2. Carrier shall invoice Shippers for payment of applicable charges for transportation service based on Table of Rates, and for power costs in accordance with Item 75, and any other amounts due under this tariff or under any applicable agreement with Carrier.

Explanation of Reference Marks:

[C]..Cancel
[I]..Increased rate
[N]..New
[U]..Unchanged rate
[W]..Change in wording only
[D]..Decreased rate