

VANTAGE PIPELINE US LP  
LOCAL TARIFF CONTAINING  
RATES, RULES, AND REGULATIONS  
Governing the  
TRANSPORTATION  
Of  
LIGHT HYDROCARBON LIQUIDS  
By  
PIPELINE  
GENERAL APPLICATION

The Rules and Regulations published herein apply to movements under this tariff and any other tariffs making specific reference by F.E.R.C. number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific Rules and Regulations published in individual tariffs will take precedence over Rules and Regulations published herein or in succeeding reissues of these Rules and Regulations.

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

Filed in compliance with 18 C.F.R. § 342.3 (Indexing).

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**ISSUED AND COMPILED BY:**  
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## RULES AND REGULATIONS

### 1. DEFINITIONS

As used in this tariff, the following terms have the following meanings:

- a. "Available Capacity" means the capacity of the Pipeline, expressed in Barrels per day, which is available for transportation of Product during a month given operating conditions in that month.
- b. "Barrel" means forty-two (42) United States gallons at a temperature of sixty degrees Fahrenheit (60°F).
- c. "Border Junction" means the junction of the Pipeline and the Canadian Pipeline at the U.S. Canada border near the North Dakota-Montana-Saskatchewan borders.
- d. "Canadian Pipeline" means the Canadian pipeline to which the Pipeline connects at the U.S.-Canada border.
- e. "Carrier" means Vantage Pipeline US LP.
- f. "Consignee" means the party who contracts with a Shipper to receive Product from the Carrier's Pipeline.
- g. "Cubic meter" (m<sup>3</sup>) means 264.1720 United States gallons, and 6.289811 Barrels at a temperature of fifteen degrees Celsius (15° C).
- h. "Delivery Point" means such points as may from time to time be specified by the Carrier in its tariffs.
- i. "F.E.R.C." means Federal Energy Regulatory Commission.
- j. "Investment Grade" means a rating for an entity's long term unsecured debt at least equal to the following:

<u>Rating</u>	<u>Rating Agency</u>
BBB-	Standard & Poor's Corporation
Baa3	Moody's Investors Services, Inc.
BBB (low)	Dominion Bond Rating Service Limited

- k. "Linefill" means the volume of Product required by the Carrier for operational and scheduling purposes as specified from time to time by the Carrier.
- l. "Minimum Ethane Volume" means the minimum ethane volume (if any) that a shipper has contracted to ship on the Pipeline at the tariff rate set forth herein.
- m. "Nominate" means to submit a Notice of Shipment.
- n. "Notice of Shipment" means an offer by a Shipper to the Carrier of a stated quantity of Product for transportation from a specified Receipt Point or Points to a specified Delivery Point or Points in accordance with these Rules and Regulations.
- o. "Pipeline" means the approximate 80 miles of 10" pipeline that originates in the Williston Basin near Tioga, North Dakota, United States and extends northwest to the Border Junction.
- p. "Pressure" means a force per unit area measured in pounds per square inch absolute (psia) or in kilo Pascals (kPa) for metric.
- q. "Product" means Ethane with a specification as described in Item 4.d.
- r. "Rating Agency" means one of Standard & Poor's Corporation, Moody's Investors Services, Inc., or Dominion Bond Rating Service Limited.
- s. "Receipt Point" means such points as may from the time to time be specified by the Carrier in its tariffs.
- t. "Shipper" means the party who contracts with Carrier for the transportation of Product under the terms of this tariff.

2. COMMODITY

This tariff covers the transportation of Product by the Pipeline and no commodity other than Product noted herein will be transported under this tariff.

3. ORIGIN AND DESTINATION

- a. Product will be accepted for transportation at Receipt Points only when consigned to one or more Delivery Points.
- b. Product will be accepted for transportation only when the Shipper has made provision for the necessary storage and/or transportation from other facilities at Receipt and Delivery Points satisfactory to the Carrier.
- c. Product received by the Carrier shall be deemed to be in the care, in the custody and under the control of the Carrier from the time it is received into the Pipeline until it is delivered out of the Pipeline.

4. SPECIFICATIONS AS TO QUALITY

- a. Product will not be accepted for transportation that is not in a liquid state. The Carrier will specify the delivery pressure but it shall not exceed 1,440 psia.
- b. Product which contains impurities or has characteristics which do not conform to the Carrier’s Ethane Specifications described in Item 4.d below will not be accepted for transportation.
- c. The Shipper may be required to furnish Carrier with a certificate setting forth the specifications of each shipment of Product delivered to the Carrier.
- d. Carrier’s Ethane Specifications: Product Tendered for transportation under this tariff shall conform to the following quality specifications.

MOISTURE CONTENT: No entrained or free water at a temperature of -30°C and/or a pressure of 9930 kPag	
MAXIMUM CO2 CONTENT (mol%)	6.0
MAXIMUM METHANE (C1) CONTENT (mol%)	2.5
MINIMUM ETHANE (C2) CONTENT (mol%)	91.0
MAXIMUM PROPANE (C3) CONTENT (mol%)	0.5
HYDROGEN SULPHIDE – (ppmw)	< 60
CHLORIDES (ppmw)	<0.9
METHANOL (ppmw)	<1000

Product received for transportation shall be commercially free of sand, dust, gums and gum forming substances, crude oil, catalyst poisons, impurities and other objectionable substances.

- e. The Carrier will give notice to the Shipper of any Product or material which does not comply with the Specifications at the Receipt Point and of any resulting discontinuance of service. The Carrier shall have the right, by notice, to require the Shipper to remedy any failure of its Product or material to meet the Specifications at the Receipt Point and, in addition to all other remedies available to it, the right, by notice:
  - i. To require the Shipper to discontinue deliveries until such failure is remedied; and
  - ii. To require the Shipper to pay all cost of disposing of Product or material which does not comply with the Specifications and returning the Pipeline to normal operation.

## 5. SEGREGATION AND CHANGES IN QUALITY

- a. Product tendered for transportation will be received by the Carrier only on the condition that it shall be subject to such changes in gravity, vapour pressure, or quality while in transit as may result from the transportation thereof or the mixture of said Product in the Pipeline.
- b. The Carrier shall be under no obligation to make delivery of the identical Product received.
- c. The Carrier shall deliver to the Shipper at the Delivery Point volumes of Product equivalent to those received by the Carrier from the Shipper at the Receipt Point less any Product losses incurred during transportation of such Product that are due to the scheduled maintenance or normal operation of the Pipeline. The Carrier shall pro rate any such Product losses among all shippers on the Pipeline based on the actual volumes of Product received by the Carrier from each shipper.

## 6. NOMINATIONS AND QUANTITIES

- a. Shippers desiring to Nominate Product for transportation shall provide a Notice of Shipment to the Carrier in writing for each calendar month on or before the fifteenth (15<sup>th</sup>) day of the preceding month, and shall specify the specifications of the Product to be shipped.
- b. A Notice of Shipment will be accepted only when the total quantity covered thereby will be made available for transportation within said calendar month at a delivery rate, in quantities, and at times specified by the Carrier.
- c. The Shipper shall supply its share of Linefill as determined from time to time by the Carrier and communicated by notice to Shipper.

## 7. EXPORT OF PRODUCT

- a. Where Product is destined for export it shall be the responsibility of the Shipper to obtain the required permits or licenses from the appropriate agencies prior to acceptance of the Product by the Carrier.
- b. The Shipper shall be required to produce evidence of such permits or licenses upon request. If duties or other charges arise there from, it shall be the responsibility of the Shipper to pay and clear same prior to delivery to Carrier.
- c. The Shipper shall be the importer of the Product into Canada, and by tendering Product under this Tariff, agrees to be subject to and responsible for any reporting, accounting, and other obligations applicable to importers of Product under the Canadian Customs Act and other applicable laws and regulations. The Shipper shall account for all imports of Product into Canada and shall pay all duties, taxes and other amounts that may be levied or payable in respect of such imports within the time and in the manner required by the Canadian Customs Act, the Canadian Customs Tariff, the Canadian Excise Tax Act and any other applicable law. The Shipper shall report to the Canada Border Services Agency all importations of Product into Canada.
- d. The Shipper shall indemnify, hold harmless and reimburse the Carrier for any and all duties, taxes, penalties, interest, costs or other amounts incurred by or which become payable by the Carrier as a result of the Shipper's failure to comply with its obligations under Item 7.c of this tariff.

## 8. APPLICATION OF RATES

Product which is accepted for transportation shall be subject to the rates in effect on the date of receipt of Product by the Carrier at Receipt Points.

#### 9. PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

- a. The Shipper shall pay all applicable transportation and other lawful charges accruing on Product accepted and received by the Carrier for transportation, and if requested by the Carrier shall pay the same before acceptance and/or delivery of the Product.
- b. The Carrier shall have a general lien on all of the Shipper's Product that is in the possession of the Carrier to secure payment of any and all charges or costs that are due the Carrier and that are unpaid by Shipper. The Carrier may withhold such Product from delivery until all unpaid charges shall have been paid.
- c. If said charges remain unpaid ten (10) days after notice and demand therefore, the Carrier shall have the right to remove and sell any or all of the Shipper's Product that is in the possession of the Carrier in such lawful manner as deemed appropriate by the Carrier. The Carrier shall have the right to bid and, if the highest bidder, to become the purchaser.
- d. The Carrier may, at the Carrier's expense and with notice to the Shipper, appoint an agent or agents to retain possession of the Shipper's Product on behalf of the Carrier for the purpose of enforcing the general lien provided for herein. The Carrier shall be solely responsible for and liable to the Shipper for the actions of any agent appointed by the Carrier.
- e. The Carrier shall pay from the proceeds of such sale all charges and costs accruing or due to the Carrier and all costs incurred by the Carrier with respect to the storage, removal and sale of the Shipper's Product by the Carrier. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other person lawfully entitled to such proceeds.

#### 10. MEASUREMENT

All Product transported by Carrier will be measured at the Receipt Point and Delivery Point in accordance with applicable Carrier and industry accepted practices and procedures. All measurements and tests shall be performed by Carrier, but Shipper and any consignee or their representatives may be present to witness such measurements and tests. All measurements and tests performed by Carrier shall be determinative unless they are contested within 90 days of receipt of appropriate documentation by Shipper.

#### 11. DELIVERY AND ACCEPTANCE

The Carrier will transport Product with reasonable diligence and dispatch and the Shipper shall remove its shipment from delivery facilities of the Carrier with reasonable diligence and dispatch.

#### 12. LIABILITY OF SHIPPER

If the Product is not removed from the Carrier's facilities with reasonable dispatch and a disruption of the Carrier's operation results, the Carrier shall have the right, to the extent feasible, to sell the Product. The Carrier shall pay from the proceeds of such sale all charges and costs accruing or due to the Carrier and all costs incurred by the Carrier with respect to the storage, removal and sale of the Shipper's Product by the Carrier. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other person lawfully entitled to such proceeds.

#### 13. LIABILITY OF CARRIER

The Carrier in possession of any of the Product herein described shall not be liable for any loss thereof, damage thereto or delay caused by fire, storm, flood, epidemics, Acts of God, riots, insurrection, rebellion, sabotage, strikes, labour disturbances, shortage of labour or breakdown of transportation or storage facilities, war, or the acts of the Queen's enemies or public enemies of the United States, or from quarantine, or authority of law or from any order, requisition, interest or necessity of the Government of the United States or of Canada, or any state or province, county or

municipal government, or any action on behalf of any government by quasi-judicial boards or other such bodies of competent jurisdiction, act of default of the Shipper, or from any cause whatsoever, whether enumerated herein or not, except its own direct negligence.

In case of loss of Product while in the custody of the Carrier from any such causes, other than the direct negligence of the Carrier, each Shipper of Product shall participate in such loss in direct proportion to his current monthly requested deliveries of Product to Delivery Points past the location at which the loss occurs; provided, however, that if such loss occurs in such a manner that it is possible to ascertain the ownership of the Product so lost, the full loss shall be charged against the Shipper having ownership. In either event, each Shipper shall be entitled to have delivered only that portion of its shipment as may remain after deduction of this proportion of such loss and will be required to pay charges only upon the quantity of Product delivered.

#### 14. APPORTIONMENT WHEN CURRENT OFFERINGS ARE IN EXCESS OF AVAILABLE CAPACITY

- a. If more Product is Nominated to the Carrier than can be transported by the Carrier in a given month, then each Shipper shall be apportioned a share of the Available Capacity in the Pipeline equal to its pro rata share of the total volume Nominated in a month; provided, however, that no Shipper may be apportioned a volume of capacity in the Pipeline that exceeds the volume of capacity that such Shipper has the right to use in the Canadian Pipeline in the same month.
- b. Shippers will be notified by Carrier of the volume of allowed Nominations and the volume allowed at restricted Delivery or Receipt Points within four (4) working days after all the original Nominations are received.

#### 15. PRODUCTS INVOLVED IN LITIGATION AND LEGALITY OF SHIPMENT

The Shipper shall warrant clear title of all products Nominated to the Carrier. Product which is in any way involved in litigation, or the ownership of which may be in dispute, or which is encumbered by a lien or charge of any kind, will not be accepted for shipment unless and until the Shipper shall furnish a bond or other form of indemnity satisfactory to the Carrier protecting it against any liability or loss arising as a result of such litigation, dispute, lien or charge.

#### 16. CLAIMS, SUITS AND TIME FOR FILING

Claims for loss, damage or delay in connection with the shipment of Product Nominated for shipment under the terms of this tariff must be filed in writing with the initial or delivering Carrier within one (1) month after delivery of the Product, or, in the case of failure to make delivery, then within one (1) month after a reasonable time for delivery has elapsed; and suits arising out of such claims must be instituted against the Carrier within six (6) months from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice, except as otherwise agreed in writing by the Carrier and the Shipper. In causing Product to be transported under this tariff, the Shipper agrees to be bound by provisions of this clause and waives any rights which it might otherwise have, at common law or otherwise, to make a claim after the expiration of the said period of one (1) month or to bring an action after the expiration of the said period of six (6) months.

#### 17. FINANCIAL ASSURANCES

If the Shipper at any time is not rated Investment Grade by at least one (1) of the three (3) Rating Agencies, then the Carrier shall have the option to request the Shipper to provide appropriate financial assurances. Upon such request, the payment schedule for service under this tariff shall be

reduced to net five (5) days from the later of: (1) the first (1<sup>st</sup>) day of the billing period following the billing period in which the service was provided; and (2) the date of receipt by the Shipper of the Carrier's invoice in respect of service for the preceding billing period. In addition, the Shipper shall, at the Shipper's option, within ten (10) days of receipt of the Carrier's request, choose one of the following options:

- a. Provide a letter of credit from a financial institution reasonably acceptable to the Carrier equivalent to thirty five (35) days transportation charges for Product (based on the greater of: (i) the average daily volume of Product delivered by the Shipper to the Carrier during the prior year; and (ii) (if applicable) the Shipper's Minimum Ethane Volume for the current year, multiplied by the applicable tariff rate for the current year); or
- b. Increase invoicing and payment frequency to semi-monthly and provide a letter of credit from a financial institution reasonably acceptable to the Carrier in an amount equivalent to twenty (20) days transportation charges for Product (based on the greater of (i) the average daily volume of Product delivered by the Shipper to the Carrier during the prior year; and (ii) (if applicable) the Shipper's Minimum Ethane Volume for the current year, multiplied by the applicable tariff rate for the current year; or
- c. Prepay the Carrier on a monthly basis for transportation charges for Product to be delivered by the Shipper to the Carrier in the following month (based on the greater of (i) (if applicable) the Shipper's Minimum Ethane Volume for such month; or (ii) the Shipper's reasonable estimate of Product to be delivered to the Carrier in such month); provided that in this circumstance the Carrier shall not be obligated to transport any volumes of Product for which prepayment has not been made; or
- d. Provide the Carrier a parental guarantee in form and substance satisfactory to the Carrier, acting reasonably, from an entity that is rated Investment Grade by at least one (1) of the three (3) Rating Agencies; or
- e. Provide the Carrier with any other form of financial assurance agreed to by both the Carrier and the Shipper, acting reasonably.

At any time after the Shipper has provided one of the foregoing forms of financial assurance to the Carrier, if the Shipper is rated to be Investment Grade by at least one (1) of the three (3) Rating Agencies, then no financial assurances shall be required and any financial assurances provided by the Shipper to the Carrier pursuant to this item 17 shall be promptly returned to the Shipper or cancelled, as applicable, and invoicing and payment terms shall revert back to those otherwise provided in this tariff.

18. RATES APPLICABLE TO TRANSPORTATION OF PRODUCT

ORIGIN	DESTINATION – BORDER JUNCTION
TIOGA, ND	[I] 2.52

*(in U.S. cents per gallon)*

- [N] – New
- [I] – Increase
- [U] – Unchanged
- [W] – Change in wording only