

**PELICAN GATHERING SYSTEMS, LLC**

**LOCAL TARIFF**

**Containing**

**RULES AND REGULATIONS**

**APPLYING ON THE INTERSTATE TRANSPORTATION OF**

**CRUDE PETROLEUM**

**BY PIPELINE**

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Issued on six days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

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**ISSUED: May 26, 2017**

**EFFECTIVE:**

**July 1, 2017**

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

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## **RULES AND REGULATIONS**

### **1. DEFINITIONS**

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

(b) “Carrier” as herein used means Pelican Gathering Systems, LLC

(c) “Consignor” as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

(d) “Consignee” as herein used means the party to whom a Shipper has ordered the delivery of Crude Petroleum.

(e) “Crude Petroleum” as herein used means the direct liquid products of oil wells.

(f) “Nomination” as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination over a period of one operating month in accordance with these rules and regulations.

(g) “Shipper” as herein used means a party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of these rules and regulations.

(h) “System” as used herein means the pipeline(s) that Carrier owns an interest in and to which the rules and regulations stated herein apply.

(i) “Tender” as used herein means a shipment of oil presented by a Shipper to the Carrier for movement by the Carrier in accordance with these rules and regulations.

### **2. NOMINATION, MINIMUM QUANTITY**

(a) Unless otherwise stated on a tariff making reference to these rules and regulations, Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier’s System under these rules and regulations in quantities of not less than one thousand (1,000) Barrels aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any quantity of Crude Petroleum from lease tanks or other facilities to which Carrier’s facilities are connected if such quantity can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than one thousand (1,000) Barrels, and Carrier will not be obligated to make any single delivery of less than one thousand (1,000) Barrels, unless Carrier’s

operations dictate otherwise. The term “single delivery” as used herein means a delivery of Crude Petroleum in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected. Crude Petroleum will be gathered and/or transported only under a Nomination accepted by the Carrier from origins to destinations when a tariff covering the movement is lawfully in effect and on file with FERC as to interstate traffic and with the appropriate state commission covering intrastate traffic, if applicable.

(b) Any Shipper desiring to tender Crude Petroleum for transportation shall make a Nomination to the Carrier in writing by five o'clock p.m. (Central Time) on or before the twentieth (20th) day (or such other day as Carrier may notify Shippers from time to time via written or electronic communication or if applicable, posting on Carrier's electronic bulletin board) (the “Nomination Deadline”) of the month preceding the month during which the transportation under the Nomination is to begin. If the Nomination Deadline falls on a non-business day, Nominations shall be due on the preceding business day. Unless such notification is made, the Carrier will be under no obligation to accept Crude Petroleum for transportation. Whenever Carrier has a reasonable expectation that the pipeline will be in proration, Carrier may so advise all Shippers and may require pre-Nominations, on or before the twelfth (12th) day (or such other day as Carrier may notify Shippers from time to time via written or electronic communication, or, if applicable, posting on Carrier's electronic bulletin board) of the month preceding the month during which the transportation under the Nomination is to begin. Carrier may require detailed information to substantiate the validity of Nominations or pre-Nominations including but not limited to the origin of barrels nominated into the system whether from lease gathering, connecting carrier or other sources. In the event Shipper does not provide such detailed information reasonably acceptable to Carrier, Carrier may reject such Nomination or pre-Nomination.

(c) When Nominations submitted by Shippers to Carrier on or before the twentieth (20th) day of the month preceding the operating month do not exceed the capacity of the System or any line segment thereof, additional Nominations may be accepted by the Carrier to fill capacity. These additional Nominations will be accepted only if they do not impair the movement of Crude Petroleum Nominated before the twentieth (20th) day of the preceding month.

### **3. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS**

Prior to delivering barrels out of Carrier's System, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's System. Each shipper's volume will be divided by the total system volume and the resulting fraction multiplied times the total system pipe capacity plus minimum tank bottoms volumes. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after:

(i) shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's System, and

(ii) Shipper balances have been reconciled between Shipper and Carrier. Carrier may require advance payment of delivery and other charges on the volumes to be cleared from Carrier's System, and any unpaid accounts receivable, before final delivery will be made.

Carrier shall have a reasonable period of time from the receipt of said notice, not to exceed six (6) months, to complete administrative and operational requirements incidental to Shipper withdrawal.

#### **4. TITLE**

The Carrier shall have, on a nondiscretionary basis, the right to reject any Crude Petroleum, when Nominated for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and it may require of the Shipper satisfactory evidence of its perfected and unencumbered title or satisfactory indemnity bond to protect Carrier. By nominating Crude Petroleum, the Shipper warrants and guarantees that the Shipper has good unencumbered title thereto free and clear of all liens or charges of any kind and agrees to indemnify and hold Carrier harmless for any and all loss, cost, liability, damage and/or expense (including reasonable attorney's fees) resulting from any breach or alleged breach of such warranty and guaranty; provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

#### **5. SPECIFICATIONS AS TO QUALITY RECEIVED**

(a) No Crude Petroleum will be accepted for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one half of one percent (0.5%) of basic sediment, water, and other impurities (provided, in no event may water exceed one half of one percent (0.5%)), above a point four inches (4") below the pipe line connection with the tank from which it enters Carrier's facilities, has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit, and its gravity, viscosity, pour point, initial boiling point, and other characteristics are such that it will be readily susceptible to transportation through the Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. In addition, Carrier may reject (any and all of, but not limited to) the following shipments:

(i) Crude Petroleum, that is not a Bakken Light Sweet crude stream or a North Dakota light sweet crude stream, having a Reid Vapor Pressure in excess of thirteen (13) pounds per square inch absolute (psia) and/or an API gravity in excess of forty six degrees (46°), Crude Petroleum that is a Bakken Light Sweet crude stream having a Reid Vapor Pressure in excess of thirteen (13) psia and/or an API gravity less than thirty-six degrees (36°) or higher than forty-six degrees (46°), and Crude Petroleum that is a North Dakota Sweet stream having a Reid Vapor Pressure in excess of thirteen (13) psia and/or an API gravity less than thirty degrees (36°) or higher than forty-six degrees (46°);

- (ii) Crude Petroleum where the Shipper or Consignee has failed to comply with applicable laws, rules, and regulations made by government authorities regulating shipment of Crude Petroleum;
- (iii) Crude Petroleum containing hydrogen sulfide in excess of ten (10) ppm;  
and
- (iv) Crude oil not indigenous to the geographic area served by the pipeline.

Unless otherwise stated in the individual tariff, Crude Petroleum will have Sulfur content of not greater than two tenths of one percent by weight (0.20 Wt. %).

(b) Quality specifications of a connecting carrier may be imposed upon Shipper when such specifications are more restrictive than that of Carrier, in which case the specifications of the connecting carrier will be applied.

(c) Carrier may, from time to time, undertake to gather and/or transport other or additional grades of Crude Petroleum and will file a tariff defining the grade(s) terms and conditions. If, in the opinion of Carrier, 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 Petroleum.

(d) If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead, and/or other metals, such Shipper will be excluded from further entry into applicable segments of the System until such time as quality specifications are met. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its System. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability, costs and expenses associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper introducing the contaminated Crude Petroleum into Carrier's System, and such Shipper shall indemnify and save Carrier harmless from any and all claims, suits, costs, expenses, and/or judgments arising, directly or indirectly, from the presence of contaminated Crude Petroleum.

(e) Carrier will from time to time determine which grades of Crude Petroleum it will regularly gather and/or transport as a common stream between particular receipt points and destination points on its pipeline System. Carrier will inform all subscribers to tariffs for the System affected by such determination, will file tariff amendments accordingly, and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum gathered and/or transported.

(f) Unless stated otherwise in written notice provided by Carrier to all subscribers to tariffs for the System affected, Carrier will not segregate Crude Petroleum of a kind and/or quality not currently gathered and/or transported through Carrier's facilities.

## **6. COMMON STREAM CRUDE PETROLEUM—CONNECTING CARRIERS**

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline, to offset like volumes of such common stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Crude Petroleum.

## **7. SHIPMENTS, MAINTENANCE OF IDENTITY**

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

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

## **8. MIXTURES**

The indirect liquid products of oil and gas wells, including gasoline and liquefied petroleum gases, hereinafter referred to as "indirect products," will not be accepted by Carrier.

## **9. ADDITIVES**

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

## **10. DUTY OF CARRIER**

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

## **11. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER**

Where Consignor (or Shipper) elects to deliver Crude Petroleum to the Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), the Consignor (or Shipper) shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must meet industry standards, regulatory

requirements and be hydraulically compatible with Carrier's system at the point of proposed transfer. In the event automatic custody transfer is made by meters, the Consignor (or Shipper) shall also furnish whatever pumping service is necessary to insure that the Crude Petroleum being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

## **12. RECEIPT AND DESTINATION FACILITIES REQUIRED**

The Carrier will accept Crude Petroleum for transportation only when the Consignor, Shipper, or Consignee has provided the necessary facilities for delivering Crude Petroleum into the System at the point of origin at a pressure, volume and flow rate compatible with system hydraulics at the proposed point of delivery, and has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the destination.

## **13. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE**

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

(b) Commencing after the first seven o'clock a.m., after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be \$0.0195 per Barrel per day for each day of twenty-four (24) hours or fractional part thereof.

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

## **14. GAUGING, TESTING AND DEDUCTIONS**

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

(b) When a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions

have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.

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

(d) All receipts of Crude Petroleum products having an API gravity above 44 degrees shall also be subject to a deduction to cover shrinkage and evaporation. Such deduction shall be determined in accordance with the following table:

<u>API Gravity, Degrees</u>	<u>Deduction for Incremental Evaporation &amp; Shrinkage</u>
44.0 through 46.0	0.5%
Carrier will not accept for transportation Crude Petroleum with API Gravity above 46.0 degrees (See Item No. 5)	

Exception: When a tank of Crude Petroleum is presented for shipment but the Crude Petroleum is not properly settled as indicated by a boiling action when the surface of the product is disturbed, the Carrier may reject the tank for shipment or by agreement with the Shipper may ship the tank and make an additional shrinkage adjustment of up to one half of one percent (0.5%). After consideration of all of the factors set forth in this Item 14, a net balance will be determined as the quantity deliverable by Carrier and delivery rates will be assessed on this net balance.

**15. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES**

(a) When there shall be Nominated to Carrier, for transportation, more Crude Petroleum than can be immediately gathered or transported on a line segment, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments will be prorated separately if necessary.

(b) Space in each segment will be allocated among “Regular Shippers” and any “New Shippers” as follows:

(i) The capacity of the line segment being prorated shall be divided by the total of all volumes Nominated by Regular Shippers and New Shippers as those terms are defined in Item 15(c). The resultant fraction will be the “proration factor.”

(ii) Each New Shipper shall be allocated space equal to its Nominated volumes multiplied by the proration factor, except that in any month for which Carrier is allocating capacity on the System, the capacity allocated to Regular Shippers shall not be reduced by more than 10 percent of the System capacity. If the application of the

proration factor calculated in Item 15(b)(i) results in an allocation to New Shippers greater than ten percent (10%) then each New Shipper shall be allocated space equal to ten percent (10%) of segment capacity multiplied by the fraction derived by dividing ten percent (10%) of the segment capacity by the total of all volumes Nominated by New Shippers. However, in no case will a single New Shipper be allocated more than one percent (1%) of total segment capacity.

(iii) The remaining capacity shall be allocated among Regular Shippers in proportion to their base period shipments.

(c) The “base period” is a period of twelve (12) months beginning thirteen (13) months prior to the month of allocation and excluding the month preceding the month of allocation. A “Regular Shipper” is any Shipper having a record of movements in the line segment being prorated, during eleven (11) of the twelve (12) months in the base period. If the segment being prorated has been in service less than thirteen (13) months, a Regular Shipper is any Shipper having a record of movements in eighty-three percent (83%) of all months during which the segment has been active. A “New Shipper” is a Shipper who is not a Regular Shipper. In no event will any portion of allocated capacity to a New Shipper be used in such a manner that it will increase the allocated capacity of another Shipper beyond the allocated capacity that Shipper is entitled to under the provisions stated in this Item 15. Carrier may require, on a nondiscriminatory basis, written assurances from responsible officials of Shippers regarding use of allocated capacity stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make its allocated capacity available to another Shipper, or in the event any Shipper shall receive and use any allocated capacity from a New Shipper, then, in the month following discovery of such violation, the allocated capacity of a New Shipper will be reduced to the extent of the excess capacity made available and the allocated capacity of a Shipper will be reduced to the extent of excess capacity used.

(d) No Nominations shall be considered beyond the amount that the nominating party has readily accessible for shipment. If a Shipper is unable to tender Crude Petroleum equal to the space allocated to it, Carrier will reduce that Shipper’s volumes for the succeeding month by the amount of allocated throughput not utilized during the preceding month if apportionment is necessary.

## **16. APPLICATION OF RATES & CHARGES**

(a) Crude Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Petroleum by the Carrier, irrespective of the date of Nomination. Unless otherwise stated in an individual tariff making reference to these rules and regulations, transportation rates and all other lawful charges will be collected on the basis of the net quantities of Crude Petroleum delivered. All net quantities will be determined in the manner provided in Item 14.

(b) Unless otherwise indicated on a tariff, a deduction of 0.35% will be made to cover evaporation, interface losses, and other normal losses during transportation.

(c) The fees set forth herein, will be adjusted annually in accordance with the adjustments promulgated annually by FERC pursuant to 18 C.F.R. § 342.3(d), or any successive indexing methodology that FERC may adopt.

#### **17. CHARGE FOR COMPENSATION FUND FEES INCURRED BY CARRIER**

In addition to all other charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local agency for the purpose of creating a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations (including, without limitation, for the prevention, containment, clean-up and/or removal of spills, the reimbursement of persons sustaining loss therefrom or any other lawful purpose). Carrier shall be under no obligation to contest or protest on behalf of Shipper or Consignee the legality of such tax, fee or other charge. If a per Barrel charge is assessed, the amount of such charge will be stated in a FERC tariff.

#### **18. TRUCK LOADING AND UNLOADING**

Shipments unloaded from tank trucks into Carrier's facilities may be subject to a per Barrel charge, if specified on individual tariffs making reference to these rules and regulations. Such charge will be in addition to all other charges.

#### **19. PAYMENT OF TRANSPORTATION RATES AND OTHER CHARGES**

Carrier will invoice Shipper, in accordance with Carrier's then current payment policies and procedures, for transportation charges and all other lawful charges accruing on Crude Petroleum accepted for transportation at the rates set forth in the Tariff. Shipper shall be responsible for payment of transportation rates and all other charges applicable to the shipment and may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Prior to becoming a Shipper, Carrier may require a prospective Shipper to submit sufficient financial information to establish creditworthiness. The types of information Carrier may request from a prospective Shipper include but are not limited to: most recent year-end financials, 10Q or 10K reports, other filings with regulatory agencies, and bank references. No course of dealing between the parties shall constitute a waiver of Carrier's right to require a guaranty of such prepayment or guaranty of charges. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to one hundred and twenty-five percent (125%) of the prime interest rate as published in the Money Rates Table of the Wall Street Journal (eastern edition), or the maximum rate allowed by law, whichever is less. Additionally, if a Shipper fails to pay Carrier's invoice when due, then, in addition to all other remedies available to Carrier, Carrier may cease receiving Crude Petroleum from the Shipper until the amounts owed are paid in full plus late payment charges. Carrier shall have a lien and security interest on all Crude Petroleum accepted for transportation to cover payment of all charges, including demurrage and late charges and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for thirty (30) days after notice of readiness to deliver, the Carrier may sell the Crude Petroleum at public auction for cash. Carrier shall have a lien and security interest on Crude Petroleum when there shall be failure to take the Crude Petroleum at the point of destination as

provided in Item 13. Carrier shall have the right to sell said Crude Petroleum at public auction, for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four (24) hours after the Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation rates, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency. Carrier's rights under this item are not exclusive but shall be in addition to any other rights or remedies available hereunder or under applicable law.

## **20. DIVERSION**

Subject to Item 2, a change in destination or routing will be permitted without additional charge, when operational circumstances permit, upon written request from the Shipper, provided an applicable tariff is in effect for any requested destination or routing, and provided that no back-haul is required.

## **21. LIABILITY OF CARRIER**

(a) The Carrier while in possession of any of the Crude Petroleum herein described shall not be liable for any loss thereof, damage thereto, or delay, caused by fire, storm, flood, epidemics, Act of God, accident, riots, civil disorder, strikes, or other labor dispute, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war, act or default of Shipper, Consignor or Consignee, earthquakes, sinkholes, or from any other cause not due to the negligence of Carrier and in no event shall Carrier be liable to Shipper, Consignor or Consignee for consequential, incidental, indirect, special or exemplary damages. In case of loss of Crude Petroleum each Shipper of the grade of Crude Petroleum so lost via the System in which the loss occurs shall share such loss in the proportion that the amount of such grade of Crude Petroleum then in the custody of Carrier for the account of such Shipper in such System bears to the total amount of such grade of Crude Petroleum then in the custody of Carrier in such System. Statements of quantities ascertained and computed from records in the usual manner by Carrier shall be accepted as prima facie correct in the distribution of losses under this Item 211.

(b) Carrier will be obligated to deliver only that portion of a Crude Petroleum shipment remaining after deducting such loss. In such event, transportation rates and other applicable charges will be made only on quantities of Crude Petroleum delivered.

(c) If Crude Petroleum is lost in transit, while in the custody of Carrier, due to causes other than those described in the first paragraph of this Item 211(a), Carrier may obtain and deliver to Shipper other Crude Petroleum of the same quantity and grade as that which was lost, but Carrier shall not be obligated to do so. In the alternative, Carrier may compensate Shipper for such loss in money. If Carrier compensates Shipper for such loss in money, the price per Barrel

shall be determined as of the date of the loss based on the value of the lost Crude Petroleum. Carrier’s liability to Shipper, Consignor or Consignee for any claim of negligence or other loss shall be collectively limited to the value of the Crude Petroleum transported and related rates and charges.

**22. CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery, claims must be filed in writing with the Carrier within nine (9) months after delivery of the Crude Petroleum, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) day 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. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

**23. PIPEAGE OR OTHER CONTRACTS**

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

**24. STORAGE**

Carrier does not have available and does not hold itself out to provide a storage service at origin, destination, or intermediate points.

**25. COMMODITY**

Carrier is engaged primarily in the transportation of Crude Petroleum and will not accept any other commodity for transportation under tariffs making reference hereto.

**26. CONNECTION POLICY**

Connections to Carrier’s System will only be considered if made by formal written notification to Carrier. All connections will be subject to generally accepted industry standards and all regulatory standards for design and construction and will meet the hydraulic requirements necessary to protect the safety, security, integrity and efficient operation of Carriers pipeline(s) at the point of connection. Acceptance of any request for connection will be subject to compliance with governmental regulations. Successful connection requests will require throughput and deficiency agreements or other capital recovery arrangements.

**Explanation of Letter Designations**

- [C] Cancel
- [N] New

**PELICAN GATHERING SYSTEMS, LLC**

**LOCAL TARIFF**

**Applying on**

**CRUDE PETROLEUM**

**From points in North Dakota to points in North Dakota**

**Governed, except as otherwise provided herein, by rules and regulations shown in Pelican Gathering Systems, LLC FERC 1.0.0 and successive issues thereof.**

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

**ISSUED BY**

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**Kurt M. Petersen, Vice President**  
**Pelican Gathering Systems, LLC**  
**1675 Broadway, Suite 1600**  
**Denver, Colorado 80202**  
**303 592 8880**

**TABLE OF RATES**  
**ALL RATES ARE IN CENTS PER BARREL OF 42 UNITED STATES GALLONS**

<b>Receipt Points</b>	<b>Destinations</b>	<b>Rate</b>
<b>GBS 1, Mountrail [N] County, ND</b>	<b>Hiland Crude Pipeline – New Town, Mountrail [N] County, ND Pioneer Terminal/Dakota Plains, New Town, Mountrail [N] County, ND Bridger Pipeline, New Town, Mountrail [N] County, ND Plains Van Hook Terminal, New Town, Mountrail [N] County, ND</b>	<b>[I] 73.93</b>
<b>GBS 2, Mountrail [N] County, ND</b>	<b>Hiland Crude Pipeline – New Town, Mountrail [N] County, ND Pioneer Terminal/Dakota Plains, New Town, Mountrail [N] County, ND Bridger Pipeline, New Town, Mountrail County, ND Plains Van Hook Terminal, New Town, Mountrail [N] County, ND</b>	<b>[I] 73.93</b>
<b>GBS 3, Mountrail [N] County, ND</b>	<b>Hiland Crude Pipeline – New Town, Mountrail County, ND Pioneer Terminal/Dakota Plains, New Town, Mountrail [N] County, ND Bridger Pipeline, New Town, Mountrail [N] County, ND Plains Van Hook Terminal, New Town, Mountrail [N] County, ND</b>	<b>[I] 73.93</b>
<b>GBS 4, Mountrail [N] County, ND</b>	<b>Hiland Crude Pipeline – New Town, Mountrail [N] County, ND Pioneer Terminal/Dakota Plains, New Town, Mountrail [N] County, ND Bridger Pipeline, New Town, Mountrail [N] County, ND Plains Van Hook Terminal, New Town, Mountrail [N] County, ND</b>	<b>[I] 73.93</b>
<b>QEP Fed #1 SE/4SE/4 of Section 21, T152N, R92W, 5<sup>th</sup> PM, Mountrail County North Dakota</b>	<b>Hiland Crude Pipeline – New Town, Mountrail [N] County, ND Pioneer Terminal/Dakota Plains, New Town, Mountrail [N] County, ND Bridger Pipeline, New Town, Mountrail [N] County, ND Plains Van Hook Terminal, New Town, Mountrail [N] County, ND</b>	<b>[I] 203.23</b>
<b>QEP Fed #4 NW/4NW/4 of Section 34, T152N, R92W, 5<sup>th</sup> PM, Mountrail County, North Dakota</b>	<b>Hiland Crude Pipeline – New Town, Mountrail [N] County, ND Pioneer Terminal/Dakota Plains, New Town, Mountrail [N] County, ND Bridger Pipeline, New Town, Mountrail [N] County, ND Plains Van Hook Terminal, New Town, Mountrail [N] County, ND</b>	<b>[I] 203.23</b>

Rates from any origin not specified above to any of the destinations listed above or any origin point to a destination point not specified above shall be charged a rate in accordance with the provisions of 18 C.F.R. § 341.10. Pursuant to 18 CFR 341.10(a)(2) Carrier will file a tariff publication applicable to these transportation movements if the intermediate point is to be used on a continuous basis for more than 30 days.

**Explanation of Letter Designations**

- [C] Cancelled
- [I] Increased Rate
- [N] New