

ICA Oil Tariff

F.E.R.C. No. 1.3.0
(Cancels F.E.R.C. No. 1.2.0)

SADDLEHORN PIPELINE COMPANY, LLC

LOCAL PIPELINE TARIFF

CONTAINING

RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION AND HANDLING

OF

CRUDE PETROLEUM

TRANSPORTED BY PIPELINE

Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include subsequent reissues hereof.

Provisions herein that are unchanged are provided pursuant to Commission Order on Petition for Declaratory Order under OR15-37-000, issued October 15, 2015 and Commission Order on Petition for Declaratory Order under OR16-13-000, issued June 1, 2016. **[N]** The new, changed, and cancelled items are the subject of Carrier's Petition for Declaratory Order under OR19-31-000, filed August 6, 2019.

[N] Issued on nineteen (19) days' notice under authority of 18 CFR 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

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

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Issued & Compiled By: Tina R. Granger of
Magellan Pipeline Company, L.P., Operator of
Saddlehorn Pipeline Company, LLC
One Williams Center
Tulsa, Oklahoma 74172
(918) 574-7415

Rules and Regulations Governing Crude Petroleum Transportation by Pipeline

15. DEFINITIONS

"A.P.I." means American Petroleum Institute.

"Barrel" means forty-two (42) United States gallons.

"Carrier" means Saddlehorn Pipeline Company, LLC.

"Consignee" means the party to whom a Shipper has designated to receive the delivery of Crude Petroleum at the Destination.

"Crude Petroleum" means the grade or grades of the direct liquid products of oil or gas wells, including crude oil and condensate, meeting the required specifications established pursuant to this tariff which Carrier has undertaken to transport.

"Destination" has the meaning set forth in Carrier's Local Tariff.

"Origin" has the meaning set forth in Carrier's Local Tariff.

"Local Tariff" means Carrier's Local Tariff F.E.R.C. Nos. **[W]** 2.8.0 ~~2.7.0~~, 3.5.0, 4.4.0, and 6.1.0 and 10.0.0 including any supplements thereto and reissues thereof.

"Shipper" means any party who agrees with Carrier for transportation of Crude Petroleum.

"U.S." means United States.

"Saddlehorn Crude Oil" means Crude Petroleum meeting the required specifications set forth in Item 25 below.

[N] "Saddlehorn Intermediate Crude Oil" means Crude Petroleum meeting the required specifications set forth in Item 25 below.

"Saddlehorn Light Crude Oil" means Crude Petroleum meeting the required specifications set forth in Item 25 below.

20. COMMODITY

Carrier is engaged in the transportation of Crude Petroleum only and therefore will not accept any other commodity for transportation under Carrier's applicable tariffs.

25. QUALITY SPECIFICATIONS

Carrier will not accept any Crude Petroleum unless it meets the specifications listed in the chart below and unless other properties of such Crude Petroleum are such that it will be readily susceptible to transportation through Carrier's pipeline system. These specifications shall apply to each Barrel of Shipper's nomination and not be limited to the composite sample of the nomination.

	Saddlehorn Crude Oil	[N] Saddlehorn Intermediate Crude Oil	Saddlehorn Light Crude Oil
API Gravity, ° API	35 – 44	[N] 42 - 46	>44 – 53
Sulfur Content, Weight %	<= 0.40	[N] <= 0.40	<= 0.15
BS & W	<= 1.0%	[N] <= 1.0%	<= 1.0%

Carrier will reject all tenders when: (i) the Reid vapor pressure of the Crude Petroleum exceeds twelve pounds (12 lbs.) at one hundred degrees Fahrenheit (100°F); and/or (ii) the true vapor pressure of the Crude Petroleum might result in Carrier's non-compliance with federal, state or local regulations. If Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the presence of any excessive metals including but not limited to chlorinated and/or oxygenated hydrocarbons and salt, such Shipper will be excluded from further entry into Carrier's facilities until such time as quality specifications have been demonstrated by Shipper to be met in Carrier's discretion.

30. STORAGE

Only storage necessarily incident to transportation will be provided by Carrier (which shall be deemed to include up to five (5) days' storage at Carrier's Origin and Destination facilities). Upon delivery of Crude Petroleum into Carrier's working tankage, title to such Crude Petroleum in Carrier's working tankage shall remain with Shipper and not with Carrier.

40. MINIMUM SHIPMENTS

Quantities of Crude Petroleum will be accepted for transportation as a single shipment to the Destination on Carrier's pipeline system only in amounts of 50,000 Barrels or greater. Quantities of less than 50,000 Barrels may be accepted by Carrier for transportation if operating conditions permit and if such Crude Petroleum is of like quality and characteristics of that currently being transported, all at Carrier's sole discretion.

50. QUALITY AND QUANTITY OF RECEIPT AND DELIVERIES

Carrier will accept for transportation Crude Petroleum that can be commingled or intermixed with a grade of Crude Petroleum which Carrier regularly transports between the Origin and the Destination of the shipment without materially reducing the value or altering the quality of any grade of Crude Petroleum which Carrier regularly transports over the route of the shipment.

Carrier will accept Crude Petroleum for transportation only on condition that Carrier shall not be liable to Shipper or Consignee for changes in gravity or quality which may occur from commingling or inter-mixing such Crude Petroleum with other Crude Petroleum in transit; and provided further that Carrier will not be obligated to deliver to Consignee the identical Crude Petroleum received from Shipper. However, Carrier will deliver to Consignee a grade of Crude Petroleum as nearly like the grade of Crude Petroleum received from Shipper as Carrier is regularly transporting as a common stream to the Destination.

Carrier will not be required to accept any Crude Petroleum that does not meet the specifications set forth in Item 25.

Carrier will not make a delivery of less than 50,000 Barrels of Crude Petroleum at the Destination except when necessitated by dispatching contingencies. Deliveries of less than 50,000 Barrels may be delivered if operating conditions permit all at Carrier's sole discretion.

60. MEASUREMENT AND TENDER DEDUCTIONS

The volume of Crude Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by gauge. Measured volumes at recorded or observed temperatures will be converted to volumes at sixty degrees Fahrenheit (60°F). Quantities shall be determined in accordance with applicable A.P.I. Manual of Petroleum Measurement Standards.

The volume of impurities in Crude Petroleum received and delivered by Carrier will be measured by an electrical or mechanical device or by physical test and such volume will be deducted from the volume of such receipts and deliveries.

Carrier shall determine all measurements, but Shipper and Consignee or their representatives may be present to witness them.

~~[C] A deduction of two tenths (2/10) of one percent by volume will be assessed on each shipment of Saddlehorn Crude Oil received by Carrier.~~

~~[W] A tender deduction of one fourth (1/4) of one percent by volume will be assessed on each shipment of Saddlehorn Light Crude Oil received by Carrier for the applicable route and product type as shown in the following table:~~

	[N] Ft. Laramie or Platteville to Cushing
[N] Saddlehorn Crude Oil	[N] 0.20%
[N] Saddlehorn Intermediate Crude Oil	[N] 0.20%
[N] Saddlehorn Light Crude Oil	[N] 0.25%

70. NOMINATIONS REQUIRED

Crude Petroleum for shipment through Carrier’s pipeline system will be received only on proper notice showing the point at which the Crude Petroleum is to be received, point or points of delivery, Consignee (if any), the product grade and the amount of Crude Petroleum to be transported. The Shipper notice must be sent via Carrier’s COBALT (or successor) system prior to 5:00 p.m. Central Time, on the 25th day of the month preceding the month for which the nominations apply; provided, however, if Carrier has reason to believe Pipeline Proration Procedures will apply for a delivery month, “New Shipper” (as such term is defined in Carrier’s Pipeline Proration Procedures incorporated by reference in Item 150) nominations must be submitted to Carrier prior to 5:00 p.m. Central Time the 13th day of the month preceding the month for which the nominations apply and “Regular Shipper” (as such term is defined in Carrier’s Pipeline Proration Procedures incorporated by reference in Item 150) nominations must be submitted to Carrier prior to 5:00 p.m. Central Time the 15th day of the month preceding the month for which the nominations apply. If the nomination date falls on a weekend or holiday, then nominations are due on the last day that is not a weekend or holiday before the nomination date. Final confirmation of nominations will be completed by the business day following the twenty-fifth (25th) day of the month preceding the month for which the nominations apply.

80. TITLE UNENCUMBERED

The act of delivering Crude Petroleum to Carrier for transportation shall constitute a warranty that Shipper has unencumbered title thereto, or the unencumbered right to ship such Crude Petroleum. When any Crude Petroleum tendered for transportation is involved in litigation, the ownership of which may be in dispute or which may be encumbered by lien or charge of any kind, Carrier may require Shipper to post an indemnity bond (or other assurances of quality at Carrier’s sole discretion) to protect Carrier against all loss.

90. LIABILITY OF CARRIER

Carrier shall not be liable for any loss or damage or delay caused by act of God, public enemy, quarantine, authority of law, strike, riots, fire or the act or fault of Shipper or Consignee, or for any other cause (a) not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated or (b) not arising out of the failure of Carrier to comply in all material respects with all applicable federal, state, or local governmental laws, rules, and regulations; and, in case of loss from any such causes set forth in (a) or (b) above, after Crude Petroleum has been received for transportation and before the same has been delivered to the Shipper or Consignee, the Shipper shall bear a loss in such proportion as the amount its shipment is to all of the Crude Petroleum in the custody of the Carrier at the time of such loss, and the Shipper shall be entitled to have delivered only such portion of its shipment as may remain after a deduction of its due proportion of such loss but in such event the Shipper shall be required to pay charges only on the quantity of Crude Petroleum delivered.

95. DUTY OF CARRIER

Carrier shall transport Crude Petroleum with reasonable dispatch, considering the quality of the Crude Petroleum, the distance of transportation and other material elements.

100. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

Shipper shall pay the transportation and all other charges accruing on the volumes of Crude Petroleum delivered, adjusted to sixty degrees Fahrenheit (60°F). Carrier shall have a carrier's lien on all Crude Petroleum accepted for transportation to secure the payment of all charges, and may withhold said Crude Petroleum from delivery until all of the said charges shall have been paid.

Carrier will invoice Shipper each month for transportation and other charges incurred during the previous month. If such a bill is not paid within ten (10) days after date of invoice or, if later, any other due date, Carrier shall have the right to assess a late charge at an interest rate of 1.5% per month, unless such rate is greater than the maximum rate allowed by law, in which case the maximum rate allowed by law will be used. Such late charge shall accrue from ten (10) days after date of invoice (or such other later due date, if any) until payment is made.

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

In the event Carrier determines at its sole discretion that the financial condition of a Shipper or Shipper's credit support provider (if any) is or has become impaired or unsatisfactory, Carrier will provide notice to Shipper and Shipper will provide adequate assurance of performance to Carrier in the form, amount, and from an issuer reasonably acceptable to Carrier.

"Adequate assurance of performance" includes, at Carrier's sole discretion, (1) prepayment by wire transfer of all charges reasonably anticipated to be incurred by Shipper for two (2) months of shipments by Shipper plus 10%, which shall be held by Carrier without interest accruing thereon until credited to Shipper, (2) a standby letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all charges reasonably anticipated to be incurred by Shipper for two (2) months of shipments by Shipper plus 10%, and, in a form, and from an institution reasonably acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all charges reasonably anticipated to be incurred by Shipper for two (2) months of shipments by Shipper plus 10%, and in a form, and from a third party reasonably acceptable to Carrier.

In the event that Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's pipeline facilities or provide services pursuant to the applicable tariffs until such requirement is fully met. Any costs or charges incurred by Carrier arising out of any delay in providing Shipper access to Carrier's pipeline facilities or services pursuant to the applicable tariffs shall be borne solely by Shipper and reimbursed to Carrier upon receipt of Carrier's invoice therefor.

In addition to all other liens, statutory or otherwise, to which Carrier is entitled and unless the following grant is expressly prohibited by the terms of one or more security agreements or credit agreements creating prior, perfected security interests in the hereinafter-defined Collateral, Shipper hereby grants to Carrier a first priority, continuous and continuing security interest in all of the following, whether now or hereafter existing

or acquired, as collateral for the prompt and complete payment and performance of Shipper's Obligations (as defined below): (a) All Crude Petroleum accepted by Carrier for transportation, terminalling, or otherwise while in the possession of Carrier; (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents but only while in the possession of Carrier; and (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing. The property described or referred to in subsections (a) through (c) above is collectively referred to as the "Collateral." This grant secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, terminalling, special, ancillary and other lawful charges arising under or related to the applicable tariffs or the contracts entered into in connection with the applicable tariffs; (b) the repayment of any amounts that Carrier may advance or spend for the maintenance, storage or preservation of the Collateral; (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and (d) all other amounts now or in the future owed by Shipper to Carrier, whether or not of the same kind or class as the other obligations owed by Shipper to Carrier. Shipper authorizes Carrier to file such financing statements or other documents necessary to perfect and maintain the security interest herein granted.

120. CLAIMS TIME FOR FILING

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine months after delivery of shipment, or, in case of failure to make delivery, then within nine months after a reasonable time for delivery has elapsed. Suits for loss or damage may be instituted only within two (2) years and one (1) day after delivery of the property, or in the case of failure to make delivery, then within two (2) years and one (1) day after a reasonable time for delivery has elapsed; provided, however, that where claims have been duly filed with Carrier, suit must be brought within two (2) years and one (1) day after notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.

130. PIPEAGE CONTRACT REQUIRED

Separate pipeage contracts in accord with this tariff and the regulations covering further details related to pipeline connections or facilities ancillary to Carrier's system may be required of Shipper before any obligation to provide transportation shall arise.

140. DIVERSION OR RECONSIGNMENT

Provided no back haul is required, diversion or reconsignment will be made on timely written request from the Shipper. No additional charge will be made for the diversion or reconsignment service. The rate to be applied under this rule is the rate from Origin to the Destination.

150. PIPELINE PRORATION PROCEDURES

When there shall be tendered to Carrier, for transportation, more Crude Petroleum than can be immediately transported, the transportation furnished by Carrier shall be apportioned **[W]** by segment among Shippers as provided in Carrier's Pipeline Proration Procedures **[W]**, dated as follows:-

- **[N]** Ft. Laramie, Wyoming to Cheyenne Junction, Wyoming: September 1, 2019
- **[N]** Laramie County Central Delivery Point, Laramie County, Wyoming to Cheyenne Junction, Wyoming: March 10, 2017
- **[N]** Cheyenne Junction, Wyoming to Platteville, Colorado: September 1, 2019
- **[N]** Platteville, Colorado to Cushing, Oklahoma: September 1, 2019

[W] All Carrier's Pipeline Proration Procedures dated August 1, 2016 are available on Carrier's, or its designee's, Internet site at http://www.magellanlp.com/directory/Crude_Saddlehorn/summarysheets/Proration%20Procedures-Saddlehorn.pdf **[W]** <https://www.magellanlp.com/WhatWeDo/LiquidPipelineTariffs.aspx> or on request.

160. APPLICATION OF RATES FROM INTERMEDIATE POINTS

Crude Petroleum received from a point on Carrier's pipeline facilities that is not named in Carrier's Local Tariff, but which is intermediate to a point from which rates are published, will be assessed the rate in effect from the next more distant point published in Carrier's Local Tariff.

170. APPLICATION OF RATES TO INTERMEDIATE POINTS

Crude Petroleum destined to a point on Carrier's lines that is not named in Carrier's Local Tariff, but which is intermediate to a point to which rates are published, will be assessed the rate in effect to the next more distant point published in Carrier's Local Tariff.

180. LINE FILL AND TANK BOTTOMS INVENTORY REQUIREMENTS; JOINT PIPELINE

Prior to delivering Barrels out of Carrier's pipeline 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 pipeline system, as determined by Carrier in its sole discretion. Carrier shall revise its line fill apportionment every calendar quarter based on the volume shipped during such calendar quarter, and provide notice of such calendar quarterly apportionment to each Shipper.

If the pro rata share of Crude Petroleum to be provided by a Shipper for this purpose changes after Carrier's calendar quarterly reconciliation, Shipper shall promptly be required to provide the difference of Crude Petroleum to Carrier or Carrier shall promptly redeliver the difference of Crude Petroleum to Shipper, as applicable.

Carrier shall redeliver Shipper's pro rata share of Crude Petroleum provided under this Item 180 only after Shipper balances have been reconciled between Shipper and Carrier. Carrier, at its discretion, may require advance payment of transportation charges on the volumes of Crude Petroleum to be cleared from Carrier's system, and any unpaid accounts, before final delivery of Shipper's Crude Petroleum will be made. Carrier shall have a reasonable period of time, not to exceed ninety (90) days, from the date of Carrier's calendar quarterly apportionment, or from the date of notice by Shipper to Carrier of Shipper's election to receive redelivery of such difference of Crude Petroleum, if applicable, to complete administrative and operational requirements incidental to Shipper withdrawal.

Upon delivery of Crude Petroleum by Shipper to Carrier for this purpose, title to such Crude Petroleum shall remain with Shipper and not Carrier.

Carrier's pipeline system is part of an undivided joint interest pipeline system (the "Joint Pipeline"). The Joint Pipeline is owned by Carrier and another common carrier (each, an "Owner" and collectively, the "Owners"), and is operated by a third-party contractual operator appointed by the Owners (the "Operator"). Each Owner is responsible for ensuring that its shippers provide line fill associated with throughput of product shipped on such Owner's pipeline system from time to time as determined by the Operator to ensure the efficient and effective operation of the Joint Pipeline.

In connection with Carrier's calendar quarterly reconciliation of line fill among its Shippers, and in furtherance of the foregoing Joint Pipeline line fill requirements, the Operator will first determine and notify each Owner of the line fill apportionment between each Owner's pipeline system. Each Owner will cause its shippers to promptly satisfy any such calendar quarterly re-apportionment as determined by the Operator. If the pro rata share of Crude Petroleum to be provided by an Owner's shippers changes after Operator's calendar quarterly reconciliation, each Owner shall cause its shippers to promptly provide the difference of Crude Petroleum to such Owner, or such Owner shall promptly redeliver the difference of Crude Petroleum to its shippers, as applicable.

Each Owner's (and its shippers') right to use its share of capacity on the Joint Pipeline is conditioned on its compliance with the provisions set forth in this Item 180.

190. ORIGATION FACILITIES

Crude Petroleum will be received only from pipelines, tanks, or other facilities that are provided by Shipper or Shipper's designee, or a connecting carrier. Carrier will determine and advise Shippers of the size and capacity of the pipeline and tanks that will need to be provided at the point of receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation unless such facilities have been provided.

200. DESTINATION FACILITIES & ACCEPTANCE OF DELIVERY

Carrier will deliver Crude Petroleum to Shipper or Shipper's Consignee at the Destination. Shipper is responsible for arranging adequate facilities and services to receive and take the Crude Petroleum away from the Destination. Shipper will be solely responsible for any additional tariffs, costs or charges imposed on Crude Petroleum after delivery by Carrier at the Destination.

After a Shipper's shipment has had time to arrive at the Destination, and on twenty-four (24) hours' notice to Shipper or Consignee, Carrier may begin delivery of such shipment to Shipper or Consignee at its current rate of pumping. If all of such shipment cannot be received by Shipper or Consignee, a demurrage charge of one-half (½) cent per Barrel per twenty-four (24) hours shall be assessed to the Shipper and continue to accrue from the time said notice expires on that part of such shipment which has not then been received by Shipper or Consignee until the applicable Crude Petroleum has been delivered out of the Carrier's system.

In addition, if Shipper is not able to receive from Carrier at the Destination the entirety of Shipper's Crude Petroleum at the time when Carrier has scheduled a delivery of such Crude Petroleum, Carrier shall have the immediate right to sell such Crude Petroleum to the first available purchaser at the best price reasonably obtainable (Carrier or its affiliates may be a purchaser at such sale); to use the proceeds thereof to pay Carrier all charges and other costs or expenses due by Shipper under the applicable tariffs for the transportation and disposal of such Crude Petroleum; and to pay the balance of such proceeds to Shipper, unless conflicting claims for such remaining proceeds have been received by Carrier in which case Carrier shall be entitled to hold the balance of such proceeds for whomsoever may be entitled thereto.

210. CARRIER'S REMEDIES

The transportation of Crude Petroleum may be refused or terminated if Carrier determines that the Crude Petroleum does not meet the requirements established herein. In addition, Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right without notice or liability to return, divert, sell or dispose of Crude Petroleum that does not conform to the provisions of the applicable tariffs. Shipper shall reimburse Carrier for all costs and expenses incurred by Carrier in returning or otherwise disposing of such non-conforming Crude Petroleum.

Explanation of Reference Marks

[W] Change in wording only **[C]** Cancel **[N]** New