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**NOVEMBER 1, 2012**

**PUBLIC SERVICE COMMISSION**

**BY UPS OVERNIGHT DELIVERY**

North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480

Attention: Mr. Darrell Nitschke  
Executive Secretary

**RE: OIL PIPELINE TARIFF FILING**

Dear Mr. Nitschke:

The accompanying tariff, Supplement 7 to North Dakota P.S.C. 63 is being issued by Tesoro High Plains Pipeline Company, LLC (THPP), and submitted to you for filing to become effective on January 1, 2013.

Supplement 7 to North Dakota P.S.C. 63 applies a hydrogen sulfide specification of less than 5 ppm for crude oil that is tendered at Johnson' Corner, Blue Buttes, Ytterdahl, Charlson and Keene Station. This new specification is being implemented to safeguard the quality of the crude oil transported by THPP and the safety of pipeline personnel and rail loading operations.

The required \$50.00 filing fee is attached to this letter. We have also enclosed an extra copy of THPP's tariff along with a self-addressed, stamped envelope. Could you please stamp the copy received and return it for our records. We hereby certify that we have, on or before this date, sent one copy of the enclosed tariff to each subscriber thereto by e-mail.

If there are any questions regarding this tariff notice, please contact Barron Dowling, Associate General Counsel for THPP, at (210) 626-4415 or Matthew A. Corcoran at (202) 872-8740.

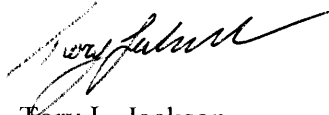
**1 PU-12-789** Filed: 11/2/2012 Pages: 10  
**Supplement No. 7 to NDPSC No. 63**

Mr. Darrell Nitschke

-2-

November 1, 2012

Sincerely,



Tory L. Jackson  
Faegre Baker Daniels LLP  
Attorney, ND Bar ID # 06517

*Counsel for Tesoro High Plains Pipeline Company,  
LLC*

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Supplement No. 7 to North Dakota P.S.C. No. 63

# Tesoro High Plains Pipeline Company, LLC

SUPPLEMENT No. 7

TO

North Dakota P.S.C. No. 63

LOCAL TARIFF

Containing

RULES AND REGULATIONS

Governing

THE TRANSPORTATION

And

DIVERSION AND RECONSIGNMENT

OF

CRUDE PETROLEUM

By Pipeline

The rules and regulations published herein apply only under tariffs making specific reference to this Tariff. Any such reference includes supplements and successive issuances of these rules and regulations.

**NOTE: This reissue of North Dakota P.S.C. No. 63 contains all changes from the prior versions of North Dakota No. 63 as covered by Supplement Nos. 1, 2, 3, 4, 5 and 6.**

[C] Pursuant to Section 49-05-05 of the North Dakota Century Code, Permission to File on Short Notice is requested.

ISSUED November 1, 2012

EFFECTIVE January 1, 2013

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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Vice President, Operations  
Tesoro High Plains Pipeline Company, LLC  
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**GENERAL APPLICATION**

The rules and regulations published herein apply only under tariffs which make specific reference to this tariff. Any such reference includes supplements and successive issuances of these rules and regulations.

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

## RULES AND REGULATIONS

Crude petroleum will be transported through Carrier's facilities only as provided in these rules and regulations.

### **5. ABBREVIATIONS AND DEFINITIONS**

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As used in these rules and regulations, the following terms have the following meanings:

"a.m." means a time of day after midnight and before noon.

"Barrel" means forty two United States gallons.

"Carrier" means and refers to Tesoro High Plains Pipeline Company, LLC.

"Crude petroleum" means either the direct liquid products of oil wells or synthetic crude petroleum.

Excluded from the category of crude petroleum are natural gasoline; condensate; and mixtures of direct products of oil wells and indirect products. Also, specifically excluded in the definition of crude petroleum that Carrier will transport are indirect products of oil wells or natural gas wells, such as liquefied petroleum gases, as provided in Item 15.

"No." means number.

"p.m." means a time of day after noon and before midnight.

"Tender" means an offer by a shipper to Carrier of a stated quantity of crude petroleum for transportation from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.

### **10. COMMODITY**

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Carrier is engaged in the transportation of crude petroleum by pipeline and will not accept any indirect products of oil and gas wells, mixtures containing indirect products or other commodity for transportation.

### **15. MIXTURES**

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Natural gasoline, condensate and the indirect liquid products of oil or gas wells, including liquefied petroleum gases, hereinafter referred to as indirect products, will not be accepted or transported as a mixture with the direct liquid products of oil wells, herein referred to as direct products.

### **20. TENDERS**

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a) Crude petroleum will be transported only under a tender accepted by Carrier, from origins (or from facilities connected to Carrier's gathering system when gathering service is to be performed by Carrier) to destinations when a tariff covering the movement is lawfully in effect and on file with the Federal Energy Regulatory Commission with respect to interstate traffic and with the Public Service Commission with respect to intrastate traffic.

(b) The transportation service offered by Carrier does not include any truck or rail unloading facility. Any such facility is outside the scope of this tariff.

(c) Any shipper desiring to tender crude petroleum for transportation shall make such tender to Carrier in writing on or before the twenty fifth (25th) day of the month preceding the month during which the transportation under the tender is to begin. Unless such notification is made, Carrier will be under no obligation to accept crude petroleum for transportation. However, if operating conditions permit and at the sole discretion of Carrier, tenders of crude petroleum may be accepted for transportation after the 25th day of the month preceding the month during which the transportation under the tender is to begin.

### **25. QUANTITIES**

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(a) A tender will be accepted only when the total quantity covered by such tender will be made available for transportation within the month in which the tender is to begin.

(b) Any quantity of crude petroleum will be accepted from lease tanks or other facilities to which Carrier is connected, if such quantity can be consolidated with other crude petroleum so that Carrier can make a single delivery of not less than five thousand barrels. 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.

## **28. QUALITY**

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a) The presence of contaminants in Crude Petroleum including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons and/or lead, shall be reason for carrier to reject a Crude Petroleum tender.

(b) Carrier will reject any Crude Petroleum offered or received for transportation when the Crude Petroleum's sulfur content exceeds 0.5% by weight.

(c) Hydrogen Sulfide Specification: The maximum allowable hydrogen sulfide (H<sub>2</sub>S) vapor phase [ppm] content is <5 ppm for routes with the following origin points:

[N] Johnson's Corner, McKenzie County;

[N] Blue Buttes, McKenzie County;

[N] Keene Station, McKenzie County;

[N] Ytterdahl, McKenzie County;

[N] Charlson, McKenzie County;

Battleview, Burke County;

Black Slough, Burke County;

Ramberg Station, Williams County; and

Tioga, Williams County.

The method used to test H<sub>2</sub>S levels will be the Primary ASTM Test, method D5705.

## **30-A. SEGREGATION AND VARIATIONS IN QUALITY AND GRAVITY**

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The following rules and regulations covering crude petroleum quality apply to Carrier's intrastate crude petroleum system

(a) As part of its common stream transportation, Carrier will not accept any crude petroleum which does not meet the quality criteria of the common stream as provided herein. Carrier will monitor the quality of its common streams and shall investigate suspected abuses of common stream criteria violations. Monitoring of common streams will include gravity and sulfur testing and could include simulated distillation and other testing to determine quality.

(b) If abuses of the common stream quality are determined, the shipper causing such abuses shall be advised to cease and desist all such actions. Failure to desist or failure to cooperate in ending such practices shall result in that shipper being barred from shipping in the common stream where such abuses occurred. Before such shipper is allowed to regain its shipper status in the common stream where the abuses occurred, the shipper will be required to provide Carrier with assurances that such abuses will not recur.

(c) Carrier will work with connecting carriers regarding Carrier's quality issues and will advise such connecting carriers that any crude petroleum found to be a detriment to Carrier's common stream will be rejected for further transportation on Carrier's system.

(d) Since variations in gravity and/or quality of common stream crude petroleum are inherent in common stream operations, Carrier will not be liable for such variations occurring while crude petroleum is in its custody, nor is Carrier under any obligation to deliver the identical crude petroleum received, but will make delivery out of such common stream.

(e) When requested by the shipper and if operationally feasible, Carrier will endeavor to segregate crude petroleum of a kind and/or quality not currently transported through Carrier's facilities. Carrier will, to the best of its abilities, make delivery of such crude petroleum at the destination, specified by shipper in a form that is substantially the same as the crude petroleum received by Carrier at origin. For such segregated batches, shipper must provide crude petroleum in such quantities (see Note 1) and at such specified times as may be necessary to permit such segregated movements via Carrier's existing facilities. Further, Carrier will not be liable for failure to deliver the identical crude petroleum or for any variations in the gravity and/or quality of crude petroleum occurring while such segregated crude is in Carrier's custody.

Note 1 – The quantity to be accepted and transported under the provisions of this Item will be determined by Carrier in accordance with current operations through its existing facilities involved in the segregated movements, but in no event shall the quantity for a single delivery be less than the minimum quantity stated in Item 25; nor shall Carrier be required to make any changes to its existing facilities or mode of operation to accommodate segregated batches.

### **35. DESTINATION FACILITIES**

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No duty to transport will arise until evidence satisfactory to Carrier has been furnished that consignee has provided necessary facilities to which Carrier is connected and has made necessary arrangements for accepting delivery of shipments promptly on arrival at the destination. Carrier does not provide truck or rail unloading facilities as part of its transportation service.

### **40-A. GAUGING, DEDUCTIONS AND ADJUSTMENTS**

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(a) Quantities of crude petroleum for receiving, delivering, assessing charges and all other purposes will be corrected to a temperature of sixty degrees Fahrenheit, after deduction of impurities shown by tests made by Carrier prior to receipt and upon delivery. Quantities may be computed from tank tables compiled or accepted by Carrier.

(b) Pursuant to Item 70, crude petroleum quantities transported may be adjusted to allow for inherent losses, including but not limited to shrinkage, evaporation, interface losses and normal "over and short" losses. A deduction of two tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

(c) The net quantities as determined under paragraphs (a) and (b) of this item will be the amounts accountable at destination.

### **45. DIVERSION OR RECONSIGNMENT**

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Crude petroleum in transport may be diverted without an additional charge to a destination other than the destination originally specified on the tender, or crude petroleum in transport may be reconsigned without an additional charge to another shipper at the point of destination only if such diversion or reconsignment is made in writing by the shipper prior to delivery at the original destination. Any such diversion will be permitted only in accordance with and subject to the rates, rules and regulations applicable from point of origin to point of final destination and, upon condition that no out of line or backhaul movement will be made.

### **50. STORAGE AND TRANSIT**

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(a) Carrier has working tanks required to transport crude petroleum, but has no other tankage and, therefore, does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage in transit in facilities furnished by shipper at points on Carrier's system will be permitted only to the extent authorized under individual transit tariffs lawfully on file with the Public Service Commission.

(b) Each shipper will be required to furnish crude oil into inventory for its proportionate share of the line fill in such amount as deemed necessary by Carrier.

### **55. DELIVERY AND DEMURRAGE**

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(a) Carrier will transport and deliver crude petroleum with reasonable diligence and dispatch, but will not accept crude petroleum to be transported in time for any particular market.

(b) After any shipment has had time to arrive at the destination, and on twenty-four hour notice to consignee, Carrier may begin delivery at its current rate of pumping.

(c) Commencing after the first seven o'clock a.m. after expiration of said notice, a demurrage charge of one cent per barrel per day of twenty four hours shall accrue on any part of said shipment offered for delivery and not taken as prescribed in paragraph (b) of this item. After expiration of said notice, Carrier's liability for loss, damage, or delay shall be that of warehouseman only.

#### **60. RATES APPLICABLE**

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Crude petroleum transported shall be subject to the rates in effect on the dates such crude petroleum is received by Carrier.

#### **65. PAYMENT OF CHARGES**

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The shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and if required, shall prepay such charges or furnish guaranty of payment satisfactory to Carrier. Carrier will have a lien on all crude petroleum accepted for transportation to secure the payment of all charges, including demurrage charges, and may refuse to deliver crude petroleum until all charges have been paid. If said charges or any part thereof shall remain unpaid five days, computed from the first seven o'clock a.m. after written notice is mailed to shipper of intention to enforce Carrier's lien as herein provided, or when there shall be failure to take the crude petroleum at the point of destination as provided in Item 55 within five days, computed from the first seven o'clock a.m. after expiration of the notice therein provided, Carrier shall have the right through an agent, to sell said crude petroleum at public auction for cash, between and not less than twenty four hours after notice of the time and place of such sale and the quantity, general description, and location of the crude petroleum to be sold has been published in a daily newspaper of general circulation published in the town or city where the sale is to be held, and sent by electronic mail or facsimile to shipper. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale Carrier may pay itself all transportation, demurrage, and other lawful charges, expense of notice, advertisement, sale, and other necessary expense, and of caring for and maintaining the crude petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto.

#### **70. LIABILITY OF CARRIER**

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(a) Carrier, while in possession of any crude petroleum, will not be liable for any loss thereof, or damage thereto, or delay, caused by an act of God, the public enemy, quarantine, the authority of law, or of public authority, strikes, riots insurrection, inherent nature of the goods, or the act or default of a shipper consignee.

(b) Any losses of crude petroleum will be charged proportionately to each shipper in the ratio that its petroleum products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all crude petroleum then in the custody of Carrier for transportation via the lines or other facilities in which the loss occurs; and Carrier will be obligated to deliver only that portion of such crude petroleum remaining after deducting shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.

#### **75. TITLE**

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A tender of crude petroleum shall be deemed a warranty of title by the party tendering, but acceptance shall not be deemed a representation by Carrier as to title. Carrier may, in the absence of adequate security, decline to receive any crude petroleum which is in litigation or with respect to which a dispute over title may exist, or which is encumbered by any lien of which Carrier has notice.

#### **80. TIME LIMITATION ON CLAIMS**

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As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine months and one day after reasonable time for delivery, based on Carrier's

normal operations, has elapsed; and suits shall be instituted against Carrier only within two years and one day from the day when 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 are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable with respect to any such claim, and no such claim will be paid.

**105. COMMON STREAM PETROLEUM CONNECTING CARRIERS**

When both receipts from and deliveries to a connecting Carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the connecting Carrier, 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. Carrier will apply to such offsetting of volumes the applicable tariff rate.

**110. PRORATION PROCEDURES**

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When there shall be tendered to Carrier for transportation on Carrier's pipeline system or any part thereof under applicable tariffs, more crude petroleum than can be currently transported, the transportation furnished by Carrier shall be apportioned in the following manner:

(1) Capacity will be allocated first to the volumes of crude petroleum that a shipper has agreed, in a transportation service agreement with Carrier, that it will ship, or in the event it does not ship, will nonetheless pay for at the Firm Committed Rate;

(2) The remaining capacity will be allocated in a fair and equitable manner so as to avoid discrimination among shippers, properly take into account the historic volumes that shippers have shipped on Carrier's pipeline in the past and avoid adversely affecting the reasonable operation of Carrier's facilities.

[W] Change in wording only  
[N] New  
[U] Unchanged Rate  
[C] Cancelled