

Tesoro Logistics Northwest Pipelines LLC

SALT LAKE AIRPORT PIPELINE SYSTEM

LOCAL PIPELINE TARIFF

Applying on INTERSTATE Transportation of

PETROLEUM PRODUCTS (As Defined Herein)

TABLE OF RATES

Rates in Cents per Barrel of 42 United States Gallons

| FROM | TO | RATE |
|---------------------------------------|--|-----------|
| Salt Lake Station, Davis County, Utah | Salt Lake City International Airport, Salt Lake County, Utah | [I] 41.10 |

Subject to the Rules and Regulations shown on Pages 2 through 8.

Filed in Compliance with 18 CFR § 342.3 (indexed rates)

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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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EXPLANATION OF TECHNICAL TERMS AND ABBREVIATIONS

| Terms and Abbreviations | Explanation |
|--------------------------------|--|
| API..... | American Petroleum Institute |
| ASTM..... | American Society for Testing Materials |
| Barrel..... | Forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit |
| Carrier..... | Tesoro Logistics Northwest Pipelines LLC |

GENERAL RULES AND REGULATIONS

This Carrier will receive Petroleum Products for pipeline transportation only to established delivery points subject to the following rules and regulations.

ITEM 5 Petroleum Products Defined

Where the term "Petroleum Products" is used it refers to Commercial Jet Fuel.

ITEM 10 Specifications Required

Petroleum Products will be accepted for transportation at such time as Petroleum Products of same quality and specifications as are currently being transported from receiving point to destination. Prior to acceptance of Petroleum Products for transportation the Carrier may require from shipper a certificate setting forth, in detail, the specifications of each shipment of Petroleum Products.

All additives and inhibitors to be included in shipper's Petroleum Products must first be approved by the Carrier before such Petroleum Products will be accepted for transportation.

ITEM 15 Minimum Tender

Tenders of Petroleum Products will be accepted at Salt Lake Station, Utah, for transportation in shipments of not less than five thousand (5,000) Barrels for any one commodity of the same quality and specification at one point of origin from one shipper.

ITEM 20 Nominations

Any shipper desiring to tender Petroleum Products for transportation hereunder, shall on or before the 15th day of the month, place a notice of the quantity of Petroleum Products to be tendered during the following month as follows:

By Mail: Alan M. Allen Tesoro Logistics
19100 Ridgewood Parkway
San Antonio, Texas 78259

By e-mail: Alan.M.Allen@tsocorp.com; or

By fax: (210) 547-9268

Unless such notification is made, Carrier shall be under no obligation to accept Petroleum Products for transportation.

ITEM 25 Origin and Destination Facilities

Petroleum Products will be accepted for transportation only when shipper has provided equipment and facilities, including storage facilities, satisfactory to Carrier for delivering such tenders to the Carrier's Salt Lake Station at a pumping rate equal to Carrier's current rate of pumping and for receiving same without delay upon arrival at destination. Carrier may require satisfactory evidence to be furnished that the necessary facilities are available for delivering shipments to Salt Lake Station and for the prompt receiving of shipments at destination before Carrier is obligated to accept tenders for transportation.

ITEM 26 Special Transit Conditions

Carrier does not guarantee to transport in continuous movement shipments of Petroleum Products originating at Salt Lake Station, Utah, consigned to destination.

ITEM 30 Identity of Petroleum Products

Petroleum Products will be accepted for transportation upon the conditions that: (1) the Carrier may inject corrosion inhibitor compound in the product to be transported, and (2) that the shipper and consignee will accept delivery of shipments at destination containing portions of the corrosion inhibitor compound.

Acceptance of Petroleum Products for transportation shall also be upon the condition that the Carrier, while in possession thereof, will use due diligence to transport same to destination with a minimum amount of contamination. Carrier will not be liable for discoloration, contamination or deterioration of Petroleum Products transported hereunder, unless such discoloration, contamination or deterioration is caused by negligence of Carrier.

Subject to the foregoing, Carrier will use its best efforts to maintain the identity of individual shipments of Petroleum Products. However, in view of the impracticability of maintaining the exact identity of shipments at all times, the Carrier reserves the right at any time to substitute and deliver a product of the same kind as the commodity shipped.

ITEM 35 Testing Gauging and Metering

All shipments tendered Carrier for transportation shall be tested, gauged or metered by a representative of Carrier prior to, or at the time of receipt from the shipper or delivery to consignee, but the shipper or consignee shall at all times have the privilege of being present or represented during the testing, gauging or metering. Quantities shall be corrected as to temperature from observed temperature to 60° Fahrenheit basis by use of applicable API-ASTM volume correction factor tables. Full deduction will be made for all water and other impurities. The net balance, after applicable deduction, will be the quantity deliverable by Carrier and upon

which transportation charges will be assessed.

ITEM 40 Transportation Charges

Transportation charges will be assessed and collected by Carrier at the rates named herein at the time of delivery on the basis of the quantity actually delivered at destination after making adjustments as provided for herein.

The payment of transportation and all other lawful charges accruing on Petroleum Products accepted for transportation may be required before the release of said Petroleum Products. Carrier shall have a lien on all Petroleum Products in its possession belonging to the shipper to secure the payment of all unpaid lawful charges due by such shipper and may withhold such Petroleum Products from delivery until all such unpaid charges have been paid.

ITEM 45 Delivery at Destinations

Carrier shall notify the consignee of the arrival at destination of each shipment. Upon arrival at destination, the Petroleum Products will be delivered to storage tanks of consignee through the facilities provided by the consignee. The consignee shall receive from Carrier's line without delay the Petroleum Products which have been transported to the destination point for its account.

ITEM 50 Liens and Title

Carrier shall have the right to decline to receive any Petroleum Products, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and it may require of the shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity bond to protect Carrier.

ITEM 55 Diversion or Reconsignment

If no out-of-line or backhaul movement or interference with shipping sequence is required, diversion or reconsignment may be made without charge, provided notice is given not less than forty-eight (48) hours before scheduled arrival at original destination, subject to the rates, rules and regulations as provided in this tariff.

ITEM 60 Pipage Contracts Required

Separate pipage contracts in accord with this tariff and these regulations covering further details may be required of the proposed shipper before any duty of transportation shall arise.

ITEM 65 Liability of Parties

The Carrier, while in possession of Petroleum Products herein described, shall not be liable for any loss thereof; damage thereto; or delay caused by act of God, war, sabotage, act of public enemy, quarantine, the authority of law, strikes, requisition or necessity of the Government of the United States in time of war or default of shipper or owner. In case of loss of any Petroleum Products from any such causes, after it has been received for transportation and before the same has been delivered to consignee, the loss will be charged proportionately to each shipper in the ratio that his Petroleum Products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all Petroleum Products then in the custody of the Carrier for transportation via the lines or other facilities in which the loss occurs; and the Carrier will be obligated to deliver only that portion of such Petroleum Products remaining after deducting shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered. Carrier will compensate shippers for Petroleum Products losses for which Carrier is liable by paying the value of such Petroleum Products at the point where transportation originated.

ITEM 70 Claims, Time for Filing

As a condition precedent to recovery, claims for loss or damage must be made in writing with Carrier within nine (9) months after delivery of the Petroleum Products, or in case of a failure to make delivery, then within nine (9) months after a reasonable time has elapsed. Suit shall be instituted against Carrier only within two (2) years and one (1) day from the day that notice is given in writing by Carrier to the claimant that Carrier has disallowed the claim for 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 the Carrier will not be liable.

ITEM 75 Apportionment When Tenders Are in Excess Of Facilities

1. **Definition of terms.** Except where the context requires another meaning, the following terms have the following meanings:
 - 1.1 "New Shipper" means a shipper that is not a Regular Shipper. A shipper that becomes a New Shipper shall remain one for twelve (12) consecutive calendar months.
 - 1.2 "Regular Shipper" means a shipper that has:
 - (a) shipped Petroleum Products on the Carrier's system within the 12-month period preceding the first day of a month in which the system or a portion of the system is prorated; and
 - (b) first shipped Petroleum Products on the system more than twelve (12) months prior to the first day of the month in which the system is prorated.

2. Prorating of capacity.

- 2.1 **When capacity will be prorated.** The Carrier will prorate the capacity of its system or a portion of its system during any month when, based upon the tender origin forms properly submitted by shippers, the Carrier determines, in its sole discretion, that the total volume nominated by all shippers for shipment on the Carrier's system or portion thereof during that month exceeds the capacity of the system or portion thereof.
- 2.2 **Division of capacity between shipper classes.** Except as provided in paragraphs 2.7 and 2.9, prorated capacity shall be divided between Regular Shippers as a class and New Shippers as a class.
- 2.3 **Availability of capacity to Regular Shippers.** After the adjustment for New Shippers, as provided in paragraphs 2.5 and 2.6, all remaining capacity plus any pour-over capacity (as determined in accordance with paragraph 2.7) plus any unused allocated capacity as determined in accordance with paragraph 2.9 shall be available to Regular Shippers who have nominated volumes for that month.
- 2.4 **Allocation to each Regular Shipper.** Each Regular Shipper shall be allocated a volume of the capacity available to all Regular Shippers that is equal to a fraction, the numerator of which is the total shipments by that shipper on the Carrier's system during the twelve (12) months preceding the first day of the month for which the shipper's allocation is being calculated, and the denominator of which is the total shipments during such 12-month period by all Regular Shippers, multiplied by the total capacity available to all Regular Shippers during that month.
- 2.5 **Availability of capacity to New Shippers.** Not more than five (5) percent of the total available prorated capacity of the Carrier's system or portion thereof shall be made available to New Shippers.
- 2.6 **Allocation to each New Shipper.** Each New Shipper shall be allocated a volume of the capacity available to all New Shippers which is equal to the lesser of:
- (a) five (5) percent of the total available prorated capacity of the Carrier's system or portion thereof divided by the number of New Shippers who nominated volumes for shipment on the system or portion thereof during the month for which the allocation is being calculated; or
 - (b) 1.25 percent (one-fourth of 5%) of the available capacity of the system or portion thereof for that month.

- 2.7 **Pour-over capacity.** Any amount of prorationed capacity which is available to New Shippers under the rules in paragraphs 2.5 and 2.6 but is not nominated by an eligible New Shipper shall be deemed "pour-over capacity" and shall be made available to Regular Shippers in accordance with the rules in paragraphs 2.3 and 2.4.
- 2.8 **Basis for allocation: notification.** When prorationing of the capacity of the Carrier's system or portion thereof is in effect:
- (a) The Carrier's available capacity shall be allocated among eligible shippers on a monthly basis; and
 - (b) The Carrier shall use reasonable efforts to notify each shipper entitled to an allocation of capacity of the amount of its allocation not later than the first working day of the month for which the allocation is made.
- 2.9 **Reallocation of unused allocated capacity.** If, during a month of prorationing, a shipper fails to use all of its allocated capacity, such unused capacity shall be available to other shippers, as follows:
- (a) Unused allocated capacity resulting from a Regular Shipper's failure to use all of its allocated capacity shall be reallocated among other Regular Shippers in accordance with the rules in paragraph 2.4.
 - (b) Unused allocated capacity resulting from a New Shipper's failure to use all of its allocated capacity shall be reallocated among other New Shippers in accordance with the rules in paragraph 2.6. If, however, the reallocation would cause any New Shipper's total allocation for a month to exceed 1.25 percent of the available capacity for that month, such excess shall be treated as unused allocated capacity and shall be reallocated among Regular Shippers in accordance with the rules in subparagraph (a) of this paragraph.
- 2.10 **Failure to use allocated capacity.**
- (a) Except as provided in subparagraph (b) of this paragraph, a shipper that fails to use all of its allocated capacity during a month of prorationing shall have its allocation of capacity reduced in each subsequent month of prorationing until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated capacity and shall be reallocated among other shippers in accordance with the rules in paragraph 2.9.
 - (b) Reduction of a shipper's allocation for failure to use its allocated capacity during a prior month of prorationing may be waived, in whole or in part if the Carrier determines, in its sole discretion, that the shipper's failure to use all or some of its allocated capacity was due to factors beyond the shipper's reasonable control.

2.11 **Transfer of prorated capacity; use of affiliates.** Except as provided in paragraph 2.9, prorated volumes allocated to a shipper may not be assigned, conveyed, loaned, transferred to, or used in any manner by another shipper. However, a shipper's allocation may be transferred as an incident of the bona fide sale of the shipper's business or to a successor to the shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A shipper may not use an affiliated or cooperating entity to obtain an increased allocation of prorated capacity or, in the case of a Regular Shipper, seek New Shipper status in order to pool two or more allocations to the benefit of the shipper.

ITEM 80 Overages and Shortages

In systems with one shipper, overages and shortages will be the sole responsibility of the shipper. In systems with two or more shippers, the following procedures will apply.

At the beginning of each year, or at the beginning of the first month in which the system has two or more shippers, Carrier will establish a measurement tolerance equal to the lesser of:

- (a) The moving three year system average for overages and shortages; or
- (b) 0.125%.

At the end of each year, Carrier will calculate the total system overage or shortage. If the system overage or shortage exceeds the established measurement tolerance, Carrier shall invoice or reimburse shipper for its proportional share of volume outside the measurement tolerance.

Settlement of any proportional share of volume will be based on the twelve (12) month average of the monthly average value of Petroleum Products at the point where transportation originated, as quoted in an industry-accepted price service selected by Carrier.

ITEM 85 Terms of Payment

Shipper agrees to pay all charges within thirty (30) days after receipt of invoice.

ITEM 90 Credit-worthiness of Shippers

All prospective shippers must submit sufficient financial information to establish credit-worthiness. If a prospective shipper is not credit-worthy, or if a current shipper's credit deteriorates, Carrier may require prepayment of transportation charges and/or a letter of credit from an appropriate financial institution in a form acceptable to Carrier.

This is in addition to, and does not limit, Carrier's right to prepayment or furnishing of guaranty of payment under ITEM 40.

EXPLANATION OF REFERENCE MARKS:

[C] Cancelled

[I] Increased Rate

[N] New