

JAYHAWK PIPELINE, L.L.C.

LOCAL TARIFF

Containing
RULES AND REGULATIONS
Governing
THE GATHERING
and
TRANSPORTATION
of
CRUDE PETROLEUM
by
PIPELINE

GENERAL APPLICATION

[C] ~~Filed in compliance with Order No. 714 — Electronic Tariff Filings, issued on September 19, 2008, for the establishment of Baseline Tariff.~~

Carrier will accept and transport crude petroleum offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff.

This tariff will apply only to those tariffs which specifically incorporate this tariff by reference; such reference includes supplements to this tariff and successive issues thereof.

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

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[W] Change in Wording
[N] New
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ITEM NO. 5 - DEFINITIONS

"Carrier" means and refers to Jayhawk Pipeline, L.L.C..

"Barrel" means forty-two (42) United States gallons at sixty (60) degrees Fahrenheit and zero (0) gauge pressure.

"Assay" means a laboratory analysis of Crude Petroleum to include the following: gravity, vapor pressure, composition, pour point, water and sediment content, sulfur content, viscosity, distillation, and other characteristics as may be required by Carrier.

"Shipper" means the party who contracts with the Carrier for the transportation of Crude Petroleum , subject to and in accordance with these rules and regulations and the rate on the applicable tariff.

"Consignee" means anyone to whom custody is to be given at the specific instructions of a Shipper when Crude Petroleum is delivered out of the Carrier's system.

"Agent" means the party(s) having title to Crude Petroleum immediately prior to the receipt of such Crude Petroleum by Carrier.

"Nomination" means a written designation by a Shipper to the Carrier of an approximate quantity of Crude Petroleum for transportation from a specified origin point(s) to a specified destination point(s) over a period of one operating month (of Carrier) in accordance with these rules and regulations.

"Tender" means an offer by a Shipper to the Carrier of an approximate quantity of Crude Petroleum for transportation from a specified origin point(s) to a specified destination point(s).

"Crude Petroleum" means the grade(s) of direct or indirect liquid hydrocarbon production from oil or gas wells which Carrier has undertaken to gather or transport, in accordance with these rules and regulations and other applicable tariffs which make reference to these rules and regulations. Crude Petroleum may include Crude Oil and Condensate, and to the extent permitted by these rules and regulations, Gas Liquids.

"Crude Oil" means Crude Petroleum that is the direct liquid hydrocarbon production from oil or gas wells, in its natural form, not having been enhanced or altered in any manner or by any process that would result in a misrepresentation of its true value for adaptability to refining as a whole crude oil or for acceptability to be commingled with other Crude Oil.

"Condensate" means Crude Petroleum that is the indirect liquid hydrocarbon production from oil or gas wells recovered through primary conventional mechanical oil-gas separators at atmospheric pressure, not having been enhanced or altered in any manner or by any process that would result in a misrepresentation of its true value for adaptability to refining purposes.

"Gas Liquids" means Crude Petroleum that is the indirect liquid hydrocarbon production other than Condensate resulting from the operation of gas processing plants, LPG fractionation facilities, gasoline recovery plants, gas recycling plants, distillate recovery equipment, natural gas pipelines or LPG pipelines, not having been enhanced or altered in any manner or by any process that would result in a misrepresentation of its true value for adaptability to refining purposes.

ITEM NO. 10 - TITLE

The act, whereas Shipper tenders Crude Petroleum to Carrier for transportation shall constitute a warranty by Shipper that Shipper has unencumbered title thereto and that the same was produced in accordance with law. The Carrier may, in the absence of adequate security, decline to receive Crude Petroleum for transportation.

ITEM NO. 15 - ESTABLISHMENT OF GRADES

Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport from certain areas and which grades of Crude Petroleum it will regularly transport as a common stream between particular origin points and destination points on its trunk pipelines.

Carrier will inform all interested persons of such determination upon request by them and this will constitute the sole holding out of the Carrier with regard to the grades of crude petroleum transported.

Carrier may from time to time undertake to gather or transport other or additional grades of Crude Petroleum and Carrier may from time to time, after giving reasonable notice to persons who may be affected, cease to gather or transport particular grades of Crude Petroleum.

ITEM NO. 20 - SCHEDULING OF SHIPMENTS

All Shippers desiring to ship Crude Petroleum through the lines of Carrier shall promptly provide Carrier with all information needed by Carrier to schedule and dispatch each shipment of Crude Petroleum which Shipper offers to make; to satisfy Carrier that offers to ship are in good faith; and to satisfy Carrier that shipments can be transported in conformance with Carrier's tariffs. Carrier may refuse to receive Crude Petroleum for transportation until Shipper has provided such information.

Carrier shall not be obligated to accept Crude Petroleum for transportation during any calendar month, unless the Shippers shall, on or before the 25th day of the preceding calendar month, notify the Carrier in writing of the kind and quantity of such Crude Petroleum which it desires to ship. If the 25th day of the preceding calendar month is a non-business day, then such notification shall be due on the last business day immediately prior to the 25th day of the preceding month.

In the event Shippers offer to ship more Crude Petroleum via a particular pipeline or segment of line during any period of time than can be pumped through such line or segment of line during such period, then Carrier shall accept and transport, during such period, only that portion of each good-faith offer to ship which Carrier shall determine to be equitable to all Shippers.

ITEM NO. 25 - DISPATCHING

For each calendar month Carrier will establish a sequence for pumping various grades of Crude Petroleum through its trunk lines and will schedule the approximate time when Crude Petroleum offered for shipment will be received by Carrier at origin points and delivered by Carrier at destination points.

Carrier will inform each Shipper of the time within each calendar month when Crude Petroleum will be received from such Shipper at origin points and Carrier will inform each Consignee of the time within each calendar month when Crude Petroleum will be delivered to such Consignee, at destination points.

ITEM NO. 30 - DIVERSION OR RECONSIGNMENT

Diversion or reconsignment may be made without charge if requested by the Shipper prior to arrival at original destination, subject to the rates, rules, and regulations applicable from point of origin to point of final destination, provided the then current pipeline operations of the Carrier will permit such diversion or reconsignment. Such request may be in writing, or it may be oral provided written confirmation is received by the company within twenty-four (24) hours.

ITEM NO. 35 - TRANSFERS WITHIN SYSTEM

Line transfers or ownership transfer of Crude Petroleum in custody of the Carrier within its system from one Shipper to another Shipper will be permitted at point of origin provided:

1. All transfer requests to the Carrier must be made in writing. Oral requests will be recognized in emergencies provided written confirmation is received by the Carrier within twenty-four (24) hours.
2. When a Shipper requests a transfer of a shipment, or part of a shipment, to another Shipper, the new Shipper's Destination of the shipment must be provided, and the new Shipper must confirm the transfer request and the destination in writing within twelve (12) hours.

Carrier may from time to time establish common points or origin to be used in transferring particular grades of Crude Petroleum. Shippers desiring to receive credit for line transfers at alternate or intermediate points of origin must properly identify such originating point and must make delivery of the Crude Petroleum in the month it is received by Carrier.

Upon request, Carrier will advise Shippers as to the gravity of a typical sample of the grade of Crude Petroleum transferred. However, Carrier will not be responsible for any gravity variances which may exist with respect to the Crude Petroleum actually transferred.

ITEM NO. 40 - ACCEPTANCE OF DELIVERY

After a shipment has had time to arrive at destination, and on 24 hours' notice to Consignee, Carrier may begin delivery of such shipment to Consignee at its current rate of pumping. If all of such shipment cannot be received by Consignee, a demurrage charge of 1 cent per barrel per 24 hours shall accrue, from the time said notice expires, on that part of such shipment which is not received by Consignee.

If a Consignee is not able to receive Crude Petroleum from Carrier at the time when Carrier has scheduled a delivery and if Carrier has no means of withholding delivery of such Crude Petroleum, then Carrier shall have the right to sell such Crude Petroleum to the first available purchaser at the best price obtainable; to use the proceeds thereof to pay pipeline transportation charges which shall be due as if delivery had been made; and to hold the balance of such proceed for whomsoever may be entitled thereto.

ITEM NO. 45 - ORINATION FACILITIES

Carrier will receive Crude Petroleum from Shippers at stations on its gathering lines; at leases or plants to which its gathering lines connect; and at origin points on its trunk lines. Crude Petroleum will be received only from pipelines, tanks, or other facilities which are provided by Shipper, Agent, or connecting carrier and which meet Carrier's requirements. Carrier will determine and advise Shippers of the size and capacity of pipelines and tanks to be provided at the point of a 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.

ITEM NO. 50 - DESTINATION FACILITIES

Carrier will deliver Crude Petroleum to Consignees at destinations on its gathering lines and trunk lines. Crude Petroleum will be delivered only into pipelines, tanks, or other facilities which are provided by Shipper, Consignee or a connecting carrier. Carrier will determine and advise Shippers and Consignees of the size and capacity of pipelines, tanks, or other facilities to be provided at point of delivery to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation until such facilities have been provided.

ITEM NO. 55 - TAMPERING

In addition to any other remedies provided for herein or at law or equity, any Shipper, Consignee or Agent who, without prior permission from Carrier, tampers with any property owned or used by Carrier to provide services shall constitute reason for Carrier to refuse acceptance of further Crude Petroleum from such Shipper, Consignee, or Agent or, at the option of Carrier, to accept same on terms and conditions prescribed by Carrier, including additional handling costs in excess of the otherwise applicable tariff rate(s). Upon discovery of tampering, there will be a presumption of violation by the party receiving the benefit of Carrier's service. As used herein, tamper means to rearrange, break, injure, alter, interfere with, or otherwise to prevent from performing the normal or customary function(s).

ITEM NO. 60 - STORAGE IN TRANSIT

The Carrier has working tanks (which are tanks that are needed by Carrier to transport Crude Petroleum) but has no other tanks and, therefore, does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage during transit in facilities furnished by Shipper at points on Carrier's system will be permitted to the extent authorized under individual tariffs.

ITEM NO. 65 - INVENTORY REQUIREMENTS

Shippers shall furnish and maintain the minimum inventory of Crude Petroleum, by grade, in Carrier's facilities as required by Carrier for line fill and working stock. Each shipper shall supply its share of the minimum inventory, by grade, in the ratio that its monthly tendered volume bears to the monthly total tendered volume through each segment of Carrier's facilities.

Carrier shall give Shippers prompt notice concerning adjustments in their respective shares of the minimum inventory and shall direct Shippers to reduce or increase their inventories when necessary. Inventory adjustments shall be completed within the second calendar month following notice.

Carrier shall provide each Shipper a monthly inventory statement by grade of Crude Petroleum.

ITEM NO. 70 - QUALITY AND QUANTITY OF RECEIPTS AND DELIVERIES

Carrier will accept for transportation Crude Petroleum which is of merchantable quality, properly settled, and which can be commingled or intermixed with a grade or grades of Crude Petroleum which Carrier regularly transports between the origination and destination points of the shipment without substantially reducing the value or altering the quality of any grade of Crude Petroleum which Carrier regularly transports over the route of 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 intermixing such Crude Petroleum with other Crude Petroleum in transit; and that Carrier shall 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 or to destination points of the shipment.

Carrier will also accept for transportation a grade of Crude Petroleum which does not meet the conditions of the first paragraph of this item, provided that;

- (a) Carrier has available facilities to segregate such grade of Crude Petroleum while it is in transit from all other grades of Crude Petroleum; and
- (b) Carrier shall not be liable to Shipper or Consignee for changes in the gravity or quality of such grade of Crude Petroleum while it is in transit; and
- (c) the Crude Petroleum offered for transportation is made available at the origin point of a shipment in a quantity which equals or exceeds the following minimum:

Outside diameter largest pipeline through which shipment will move	Minimum quantity of Crude Petroleum which will be segregated
8 inches or less	5,000 barrels
10 inches or more	10,000 barrels

Unless specific rules and regulations published in tariffs making reference to these rules and regulations provide otherwise, Crude Petroleum will only be accepted for transportation if the vapor pressure is not more than 13 pounds per square inch, absolute, at a temperature of 100 degrees Fahrenheit. Crude Petroleum which does not meet the minimum quality requirements as to hexane and heavier components, vapor pressure, and gravity shall be deemed to be Gas Liquids.

Gas Liquids and mixtures of Gas Liquids, Crude Oil, and/or Condensate will be accepted for transportation as Crude Petroleum only provided the Carrier has made a determination that quantities of Gas Liquids are necessary and convenient to the operation of the applicable segment of Carrier's system. In such event, transportation will be offered under terms and conditions agreed to by Carrier, Shipper, and/or Agent, consistent with this tariff. Carrier reserves the right to limit the total volumes of Gas Liquids transported, giving consideration to operational requirements for a reliable source of supply.

ITEM NO. 70 - QUALITY AND QUANTITY OF RECEIPTS AND DELIVERIES (CONTINUED)

The presence of contaminants in Crude Petroleum, including but not limited to chemicals such as chlorinated and/or oxygenated hydrocarbons, hydrogen sulfide, arsenic, lead and/or other metals shall be reason for Carrier to reject any Crude Petroleum. Carrier will not accept blends of Crude Petroleum containing any of the following: waste oil, lube oil, crankcase oils, PCB's, or dioxins. Carrier reserves the right to require an assay on Crude Petroleum tendered, prior to accepting barrels for transportation.

Carrier may adopt additional quality requirements for Crude Petroleum after consultation with, and notice to, affected Shippers and Agents.

Quality requirements of Carrier may be applied to any or all convenient units of volume comprising Crude Petroleum, and shall not be limited to the characteristics of a composite sample.

Carrier will determine delivery quantities of Crude Petroleum at any destination point on its trunk lines based on dispatching contingencies.

ITEM NO. 75 - QUALITY TESTING AND VERIFICATION

Upon request of Carrier, Agent is required to furnish Crude Petroleum Assays so that quality determinations can be made. Carrier reserves the right to approve of an independent laboratory to be used to providing the Assay. If Carrier determines that the Crude Petroleum does not meet specifications, or in the opinion of Carrier, differs materially in character from Crude Petroleum being transported by Carrier, transportation may be refused or offered under such terms and conditions agreed to by Carrier and Shipper.

Carrier reserves the right to sample Crude Petroleum of Agent without prior notice at connecting facilities to Carrier, including the right to ingress and egress upon the property of Agent for such purpose. If upon investigation Carrier determines the Crude Petroleum does not conform to specifications and Carrier has not been given prior notice, or if the Crude Petroleum contains excess amounts of impure substances, including, but not limited to, chlorinated and/or oxygenated hydrocarbons, hydrogen sulfide, arsenic, lead and waste oil, lube oil, crankcase oil, PCB's or dioxins which, in the opinion of Carrier, may contaminate or materially affect the common or mixed stream quality of Crude Petroleum, such Agent will be liable for the cost of Carrier's investigation and will be excluded from further entry into Carrier's system until such time as quality specifications are met to the satisfaction of the Carrier. Further, to the extent Carrier has reason to believe such contaminated Crude Petroleum has already entered into Carrier's system, Carrier reserves the right to dispose of any contaminated crude in any reasonable commercial manner.

Carrier may, without prior notice, advise Shippers as to the specific results of any Assay, including the applicable Agent and point of origin.

The test method(s) used in any Assay shall be those determined to be most appropriate by Carrier, giving consideration to industry practice and the methods published by the American Society for Testing and Materials (ASTM), the American Petroleum Institute (API), and the U. S. Environmental Protection Agency (EPA). Carrier may waive the requirement for any specific test to be included in an Assay. In the event of a discrepancy or conflict between the results of Carrier's Assay and the Assay of Shipper or Agent, the results of Carrier's Assay shall prevail.

ITEM NO. 80 - GAUGING, TESTING AND DEDUCTIONS

Crude Petroleum tendered to Carrier shall be gauged and tested by a representative of Carrier with the Shipper and Agent privileged to be represented at such gauging and testing. The volume of Crude Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by tank gauge. Measured volumes at recorded or observed temperatures and pressures will be converted to Volumes at sixty (60) degrees Fahrenheit and atmospheric pressure. Carrier will deduct the exact percent of BS&W and such other impurities as centrifuges or other commonly accepted test indicate. 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, in accordance with the latest API Standards covering the measuring, sampling and testing of crude oil, such volume of impurities to be deducted from the volume of such receipts and deliveries. Carrier will not accept for transportation Crude Petroleum in which the total volume of impurities exceeds one percent (1%) or in which the volume of water exceeds three-tenths of one percent (0.3 of 1%) of the volume offered for transportation.

Crude Petroleum, or mixtures thereof, having a gravity of 45 degrees API or above, after correction to 60 degrees Fahrenheit, shall be subject to a volumetric deduction according to the following table.

API GRAVITY (60 DEGREES F)	% DEDUCTION
45 degrees through 49.9 degrees	0.5%
50 degrees through 59.9 degrees	2.0%
60 degrees through 69.9 degrees	3.0%
70 degrees and above	5.0%

Carrier will account to each shipper for all material accepted for transportation. Any overage or shortage, including losses or gains resulting from shrinkage, evaporation, expansion or losses or gains inherent in the operation of a pipeline system will be allocated on a monthly accrual basis among the Shippers in the proportion that the total number of barrels delivered from the pipeline system for each shipper bears to the total number of barrels delivered from the pipeline system for all Shippers.

The net balance after applicable deductions as defined above will be the quantity deliverable by Carrier and upon which transportation charges will be assessed.

ITEM NO. 85 - RATES APPLICABLE

The rate which shall apply to the services provided by Carrier shall be the rate in effect on the date service is performed by Carrier. Likewise, the rules and regulations which shall govern the services provided by Carrier shall be the rules and regulations in effect on the date service is performed.

[N] Crude Petroleum received from a point on Carrier's lines which is not named in a Carrier 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 that tariff.

[N] Crude Petroleum destined to a point on Carrier's lines which is not named in a Carrier 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 that tariff.

ITEM NO. 90 - LIABILITY FOR CHARGES

Carrier will invoice Shipper each month for the services provided by Carrier during the previous month, such billings to include any applicable demurrage or interest charges. Bills are due and payable upon receipt. If any such bill is not paid within 15 days of receipt by Shipper, then Shipper and Consignee will become liable for the payment to Carrier of 18 percent interest per annum (or the maximum interest rate allowed by law, if less) on the amount owed Carrier, the time for determining such charge to be measured from the date of such bill until payment is made.

All Crude Petroleum which is received from a Shipper or is destined to a Consignee who has failed to pay Carrier for services provided, demurrage, or interest, shall be subject to the imposition of a lien by Carrier to obtain payment of such charges.

Carrier may require a Shipper or Consignee to prepay charges before making delivery of Crude Petroleum if it appears that the value of Crude Petroleum received from such Shipper and destined to such Consignee, which will remain in the custody of Carrier after making such delivery, will not exceed the total of all charges which will be due from Shipper and Consignee upon making such delivery.

ITEM NO. 95 - WARRANTIES

Shipper and Agent jointly and severally warrant, unless specific prior permission to the contrary is obtained from Carrier in writing, Crude Petroleum tendered to Carrier will conform to the quality requirements of Carrier, including the requirements of non-contamination.

Carrier does not make any warranties, expressed or implied, including, but not limited to, fitness for a particular purpose and merchantability, concerning the quality of crude petroleum.

ITEM NO. 100 - LIABILITY OF SHIPPER, AGENT AND CONSIGNEE

Shipper and Consignee shall be jointly and severally liable for the payment of gathering, injection, unloading, transportation, and demurrage charges arising out of the services provided by Carrier on behalf of Shipper and Consignee.

Shipper and Agent will be jointly and severally liable to Carrier, other Shippers or Consignees for any damage, including special, incidental, and consequential, as well as attorneys fees, and will save Carrier harmless from any and all claims, suits, costs, expenses, and/or judgements, arising from, directly or indirectly, a breach of warranty, including the warranty as to quality and non-contamination of tendered Crude Petroleum. Damages shall include the cost of disposing of Crude Petroleum which has entered Carrier's system when Carrier has reason to believe is such Crude Petroleum is contaminated.

ITEM NO. 105 - LIABILITY

Carrier will not be liable for any loss of Crude Petroleum while in the possession of Carrier, or for any delay in receiving or delivering Crude Petroleum, if caused by an Act of God, the public enemy, quarantine, the authority of law, strikes, riots, the act or default of Shipper, Agent, or Consignee, or requisition by an agency of Government.

If such loss occurs to Crude Petroleum in a segregated shipment, then the Shipper and Consignee thereof shall bear the entire loss, damage, or delay which occurs.

However, if such loss occurs to Crude Petroleum which is not in a segregated shipment, then 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.

Carrier will be obligated to deliver only that portion of a Crude Petroleum shipment remaining after deducting such loss. Transportation charges will be made only on quantities of Crude Petroleum delivered.

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 the Item, Carrier may obtain and deliver to Consignee thereof 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.

ITEM NO. 110 - RECLAIMING FOR LOSS

In addition to transportation charges and all other charges accruing on crude petroleum tendered to Carrier for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier in connection with such crude petroleum by any industry, organization or federal, state or local government entity, which, in connection with federal, state or local legislation or regulation, levies a tax, fee or other charge, on the receipt, terminalling, delivery, transfer or transportation of such Crude Petroleum for the purpose of creating a fund for or funding a program or programs for, including, but not limited to: the prevention, containment, removal, and/or cleanup of oil spills; the development of plans and/or the preparation for response to oil spills; and /or the reimbursement of persons sustaining losses or damages from oil spills or other oil pipeline industry operations.

ITEM NO. 115 - NOTICE OF CLAIMS

Notice of claim for loss, damage or delay in connection with shipments must be made with Carrier within ninety (90) days after such loss, damage or delay occurs.
