

Dakota Energy Connection, LLC

DAKOTA ENERGY CONNECTION PIPELINE – MCKENZIE COUNTY, N.D.

LOCAL TARIFF RATES APPLICABLE TO THE TRANSPORTATION OF CRUDE PETROLEUM BY PIPELINE

The rates in this tariff are for the transportation of Crude Petroleum by the Transporter. The transportation rates listed in this tariff are subject to the Rules and Regulations published in the Transporter's FERC Tariff No. 1.0.0 and successive tariffs, supplements thereto, and reissues thereof.

Issued on seven (7) days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.

As provided in Item No. 18, the rates set forth in this Rates Tariff apply to transportation service from the Initial Origination Points set forth herein to the Initial Destination Points set forth herein.

The Committed Rates set forth in this Rates Tariff apply to transportation service pursuant to a TSA entered into pursuant to the Open Season commenced on January 2, 2015, or prior thereto.

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

ISSUED: March 24, 2015

EFFECTIVE: April 1, 2015

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TRANSPORTATION RATES

Terms defined in the Rules Tariff of Dakota Energy Connection, LLC (the “Rules Tariff”) and used in this Rates Tariff shall be given the same meaning as they are given in the Rules Tariff.

Reference herein to an “Item” is to the applicable Item in the Rules Tariff.

All tariff rates, Monthly Deficiency Payments and other payments are exclusive of applicable Federal, state and local excise, sales, use or similar taxes (collectively, “Taxes”).

Except as provided otherwise in the TSA, Shipper shall be responsible for and shall pay all Taxes arising from the provision of Services pursuant to the Rules Tariff. Transporter may agree, on a not unduly discriminatory or preferential basis, to waive collection of Taxes in connection with negotiated rates based, *inter alia*, on the term and volume commitment. No such waiver may result in the Committed Service Rate being less than at least \$0.01/Bbl greater than the highest Uncommitted Service rate charged.

Transporter may agree, on a not unduly discriminatory or preferential basis, to waive collection of any Power Charge in connection with negotiated rates based, *inter alia*, on the term and volume commitment. No such waiver may result in the Committed Service Rate being less than at least \$0.01/Bbl greater than the highest Uncommitted Service rate charged.

Transporter may agree, on a not unduly discriminatory or preferential basis, to waive collection of any Charge specified under Item 19(b) in connection with negotiated rates based, *inter alia*, on the term and volume commitment. No such waiver may result in the Committed Service Rate being less than at least \$0.01/Bbl greater than the highest Uncommitted Service rate charged.

The rates set forth in this Rates Tariff apply to transportation service from the Initial Origination Points set forth herein to the Initial Destination Points set forth herein. Transportation rates for transportation service from or to other Origination and/or Destination Points shall be set forth in a supplement to this Rates Tariff.

“Actual Construct Costs” means the actual and direct costs to install and construct Transporter’s System, or any portion thereof, as applicable, together with appurtenant facilities under this Agreement, and shall include, all third party or field personnel costs of engineering, design and survey, easements and rights of way, procurement of equipment, facility parts and appurtenances including any metering facilities, permitting, and construction and installation of the facility and the appurtenances, together with any other third party or field personnel costs or expenses incurred by the constructing Party in connection with the installation of the facilities that are normally capitalized pursuant to generally accepted accounting principles.

All Origination Points and Destination Points are in McKenzie County, N.D.

COMMITTED RATES

Rates for Committed Volumes. For Actual Shipments of Committed Volumes and, in the case of Anchor Shippers, Dedicated Volumes, Shipper shall pay as Crude Petroleum Transportation Fees –

- (1) the applicable per Barrel Committed Rate set forth below,
plus
- (2) to the extent authorized in Shipper’s TSA, and not waived by Transporter on a not unduly discriminatory or preferential basis pursuant to the Rules Tariff, the applicable per Barrel Power Charge as provided in Item 19(a) of the Rules Tariff,
plus
- (3) to the extent authorized in Shipper’s TSA, and not waived by Transporter on a not unduly discriminatory or preferential basis pursuant to the Rules Tariff, any Taxes authorized under Item 19(b) of the Rules Tariff and,
- (4) to the extent authorized in Shipper’s TSA, and not waived by Transporter on a not unduly discriminatory or preferential basis pursuant to the Rules Tariff, any other Charges authorized under the Rules Tariff or the Rates Tariff.

Applicable to TSAs entered into pursuant to Open Season commenced January 2, 2015, or prior thereto.

COMMITTED SERVICE RATES ^{1, 2, 3} IN U.S. DOLLARS PER BARREL 15-YEAR TERM ≥ 8,000 Bbl/d		
ORIGIN	DESTINATION	RATE
NW/Q of NE/Q of Section 2, T149N, R102W	N/2 Section 16, T149N, R102W OR N/2 Section 30, T149N, R101W	1.14
NW/Q of NW/Q of Section 25, T149N, R102W		
SW/Q of SW/Q of Section 33, T149N, R102W		
NW/Q of NE/Q of Section 18, T148N, R102W		
NW/Q of SW/Q of Section 27, T149N, R102W		
SE/Q of SE/Q of Section 22, T149N, R102W		
NW/Q of NE/Q of Section 16, T149N, R102W		

- ¹ Commencing with calendar year 2020, and annually thereafter, the Committed Service Rate may be adjusted based on the percentage change in the annual average in the “Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average – All items” which occurred in the preceding calendar year as published by the United States Department of Labor, Bureau of Labor Statistics for the previous calendar year. If there is a decrease in the referenced Index, the Firm Committed Rate will not be reduced, but will remain the same as the Firm Committed Rate in effect during the immediately preceding year.
- ² Transporter shall furnish Shipper an itemized estimate (the “Initial System Cost Estimate”) of the actual direct costs and expenses of construction and installation of the Initial System to be incurred by Transporter. On or before the date that is ninety (90) days after the first anniversary of the Initial System In-Service date, the Initial System Actual Construct Costs shall be determined and the respective Committed Service Rate shall be redetermined as follows, with any change made effective as of the first full Accounting Period following the first anniversary of the Initial System In-Service Date:

If the total Initial System Actual Construct Costs incurred by Transporter is greater than one hundred and ten percent (110%) of the total estimated costs set forth in the Initial System Cost Estimate, the Committed Service Rates shall be increased by \$0.07 per Barrel.

If the total Initial System Actual Construct Costs incurred by Transporter is less than ninety percent (90%) of the total estimated costs set forth in the Initial System Cost Estimate, the Committed Service Rates shall be reduced by \$0.07 per Barrel.
- ³ Exclusive of Taxes authorized under Item 19 and any other Charges authorized under the Rules Tariff or the Rates Tariff.

UNCOMMITTED RATE

Rate for Uncommitted Volumes. For Actual Shipments of Uncommitted Volumes, Shipper shall pay as Crude Petroleum Transportation Fees –

- (1) the applicable per Barrel Uncommitted Service Rate set forth below,
plus
- (2) to the extent not waived by Transporter on a not unduly discriminatory or preferential basis pursuant to the Rules Tariff, the applicable per Barrel Power Charge as provided in Item 19(a) of the Rules Tariff,
plus
- (3) to the extent not waived by Transporter on a not unduly discriminatory or preferential basis pursuant to the Rules Tariff, any Taxes authorized under Item 19(b) of the Rules Tariff and,
- (4) to the extent not waived by Transporter on a not unduly discriminatory or preferential basis pursuant to the Rules Tariff, any other Charges authorized under the Rates Tariff or the Rules Tariff.

UNCOMMITTED SERVICE RATES ^{1,2} IN U.S. DOLLARS PER BARREL		
ORIGIN	DESTINATION	RATE
NW/Q of NE/Q of Section 2, T149N, R102W	N/2 Section 16, T149N, R102W OR N/2 Section 30, T149N, R101W	1.13
NW/Q of NW/Q of Section 25, T149N, R102W		
SW/Q of SW/Q of Section 33, T149N, R102W		
NW/Q of NE/Q of Section 18, T148N, R102W		
NW/Q of SW/Q of Section 27, T149N, R102W		
SE/Q of SE/Q of Section 22, T149N, R102W		
NW/Q of NE/Q of Section 16, T149N, R102W		

- ¹ Commencing with calendar year 2020, and annually thereafter, the Uncommitted Rate may be adjusted based on the annual percentage change in the FERC index for oil pipelines.
- ² Based on the adjustment of Committed Service Rates pursuant to Note 2 of the Committed Service Rate Schedule, the base Rate for Uncommitted Service shall be \$0.01/Bbl less than the lowest adjusted rate for Committed Firm Service.
- ³ Exclusive of additional Charges authorized under Item 19 for Power, Taxes, *etc.*

DEFICIENCY RATES

Subject to the provisions of the Rules Tariff, if, at the end of any Accounting Period, Shipper's Actual Shipments result in a Deficiency Volume, Shipper shall make a payment to Transporter equal to the Monthly Deficiency Payment based upon the Deficiency Rates set forth below.

Applicable to TSAs entered into pursuant to Open Season commenced January 2, 2015, or prior thereto.

DEFICIENCY RATES ^{1,2} IN U.S. DOLLARS PER BARREL 15-YEAR TERM ≥ 8,000 Bbl/d		
ORIGIN	DESTINATION	RATE
NW/Q of NE/Q of Section 2, T149N, R102W NW/Q of NW/Q of Section 25, T149N, R102W SW/Q of SW/Q of Section 33, T149N, R102W NW/Q of NE/Q of Section 18, T148N, R102W NW/Q of SW/Q of West Line of Section 27, T149N, R102W SE/Q of SE/Q of Section 22, T149N, R102W NW/Q of NE/Q of Section 16, T149N, R102W	N/2 Section 16, T149N, R102W OR N/2 Section 30, T149N, R101W	1.14

¹ Commencing with calendar year 2020, and annually thereafter, the Deficiency Rate may be adjusted based on the percentage change in the annual average in the "Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average – All items" which occurred in the preceding calendar year as published by the United States Department of Labor, Bureau of Labor Statistics for the previous calendar year. If there is a decrease in the referenced Index, the Deficiency Rate will not be reduced, but will remain the same as the Deficiency Rate in effect for the immediately preceding year.

² On or before the date that is ninety (90) days after the first anniversary of the Initial System In-Service date, the Initial System Actual Construct Costs shall be determined and the respective Deficiency Rates shall be redetermined as follows, with any change made effective as of the first full Accounting Period following the first anniversary of the Initial System In-Service Date:

If the total Initial System Actual Construct Costs incurred by Transporter is greater than one hundred and ten percent (110%) of the total estimated costs set forth in the Initial System Cost Estimate, the Deficiency Rates shall be increased by \$0.07 per Barrel.

If the total Initial System Actual Construct Costs incurred by Transporter is less than ninety percent (90%) of the total estimated costs set forth in the Initial System Cost Estimate, the Deficiency Rates shall be reduced by \$0.07 per Barrel.