

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

BRACEWELL & GIULIANI LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002
Attention: Brandie Martin



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Skagit County Auditor

1/8/2013 Page 1 of 40 1:25PM

[SPACE ABOVE LINE FOR RECORDER'S USE ONLY]

GUARDIAN NORTHWEST TITLE CO.

WASHINGTON STATE COUNTY AUDITOR'S/RECORDER'S INFORMATION
(RCW 65.04):

104451

Document Title: DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
RENTS AND LEASES, FIXTURE FILING AND FINANCING
STATEMENT

Grantor: TESORO LOGISTICS OPERATIONS LLC ("Trustor")
TRUSTEE: FIRST AMERICAN TITLE
Grantee: BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT
("Beneficiary")

Legal Description:

Abbreviated Legal Description: A portion of Sections 28, 29, and
32, Township 35 North, Range 2 East, W.M.

Full Legal Description: See Exhibit A attached

Assessor's Tax Parcel Nos.: 32989, 32990, 32991 and 32992

Reference Nos. of Documents Released or Assigned: Not applicable

NOTICE TO RECORDER: THIS DOCUMENT SERVES AS A FIXTURE FILING
UNDER THE WASHINGTON UNIFORM COMMERCIAL CODE.

This Financing Statement covers goods described herein by item or type some or all of
which are affixed or are to be affixed to the real property described in Exhibit A to this
document. For purposes of filing this Deed of Trust as a financing statement, the mailing
address of Trustor / Debtor is 19100 Ridgewood Parkway, San Antonio, Texas 78259, Attention:
Brian Randecker; the mailing address of Secured Party / Beneficiary is 901 Main Street,

14th Floor, Dallas, Texas 75202, Attention: Alan Tapley; and the mailing address of Trustee is
818 Steward Street, Suite 800, Seattle, Washington, 98101 Attention: Donna Koerber.

Trustor's / Debtor's Organizational Identification No.: 4890313



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**DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND
LEASES, FIXTURE FILING AND FINANCING STATEMENT**

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES, FIXTURE FILING, AND FINANCING STATEMENT (this "Deed of Trust") dated effective as of January 4, 2013, is executed and delivered by TESORO LOGISTICS OPERATIONS LLC, a Delaware limited liability company (the "Trustor"), in favor of FIRST AMERICAN TITLE INSURANCE COMPANY (the "Trustee"), as Trustee for the benefit of BANK OF AMERICA, N.A. (the "Beneficiary") in its capacity as administrative agent under the Credit Agreement (as defined below) and on behalf of the Credit Parties (as hereinafter defined). The addresses of Trustor and Beneficiary appear in Section 6.12 of this Deed of Trust.

W I T N E S S E T H :

WHEREAS, this Deed of Trust is executed in connection with, and pursuant to the terms of, the Amended and Restated Credit Agreement dated as of January 4, 2013 (as hereafter renewed, extended, amended, supplemented and/or restated from time to time, the "Credit Agreement"), among Tesoro Logistics LP, a Delaware limited partnership (the "Borrower"), certain financial institutions which are or may become parties thereto (the "Lenders") and Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") and L/C Issuer.

WHEREAS, the Borrower is the principal financing entity for all capital requirements of certain of its Subsidiaries. Trustor is a wholly-owned Subsidiary of Borrower, and Trustor will derive substantial direct or indirect benefit from the transactions contemplated by the Loan Documents.

WHEREAS, the Borrower or any Guarantor (as defined in the Credit Agreement) (a) may from time to time enter into one or more Secured Hedge Agreements (as defined in the Credit Agreement) with a Hedge Bank (as defined in the Credit Agreement) and (b) may from time to time enter into one or more Secured Cash Management Agreements (as defined in the Credit Agreement) with a Cash Management Bank (as defined in the Credit Agreement, together with the Administrative Agent, the Lenders, the L/C Issuers and the Hedge Banks being collectively referred to herein as the "Credit Parties"), and Trustor will directly or indirectly benefit from such Secured Hedge Agreements and Secured Cash Management Agreements.

WHEREAS, it is a condition to the performance obligation of Beneficiary and of the Lenders under certain of the Loan Documents that Trustor shall have executed and delivered this Deed of Trust.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Trustor has agreed to execute and deliver this Deed of Trust and Trustor (a) wishes to make this Deed of Trust in favor of the Trustee for the benefit of Beneficiary on behalf of the Credit Parties to secure the Secured Obligations (as defined below) and (b) hereby agrees as follows:



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ARTICLE I

DEFINITIONS

1.1 **Defined Terms under the Credit Agreement.** As used in this Deed of Trust, and in the event such terms are not otherwise defined in this Deed of Trust, such terms shall have the meanings assigned to such terms in the Credit Agreement.

1.2 **Certain Defined Terms.** As used in this Deed of Trust, the following terms shall have the following meanings (unless otherwise indicated, such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

(a) **"Accounts"** means all accounts (as that term is defined in the UCC).

(b) **"Books, Records, and Data"** means all of the following, whether written or in electronically reproducible form, to the extent any of the following is used in connection with or associated with the ownership and/or operation of the Mortgaged Property: all books; records; books of account; files and data, including engineering, operating, and other technical data, summaries, reports, drawings, and maps; certificates; financial statements; ledgers; minute books; and environmental studies and plans.

(c) **"Contracts"** means all contracts and agreements now in effect, or hereafter entered into by Trustor, Trustor's predecessors in interest, or by any other parties to the extent that Trustor has any right or interest thereto or thereunder for the sale, purchase, marketing, exchange, processing, treating, compressing, handling, storing, transporting, transmitting or gathering of Hydrocarbons, to the extent such contracts and agreements cover, include or relate to all or any portion of the Lands and the Systems, and all exhibits, schedules and other attachments to such contracts, as the same may be amended, supplemented or otherwise modified or replaced from time to time.

(d) **"Excluded Property"** means (i) any Crude Oil and Refined Products and (ii) any Systems, Servitudes or personal property, in each case for clause (ii), to the extent (but only to the extent) that (A) Trustor is expressly prohibited from granting a Lien thereon by reason of an existing and enforceable negative pledge, anti-assignment provision or other similar restrictive provision or (B) applicable Law provides for the involuntary forfeiture of the property in the event that a Lien is granted thereon without the consent of the appropriate Person or Governmental Authority; provided, in each case, that any such Servitude, System or personal property shall (without any act by any Person) cease to constitute "Excluded Property", and shall automatically (without any act or delivery by any Person) constitute "Mortgaged Property", upon the termination or elimination of any prohibition or requirement for any consent contained in any Law, rule, regulation, lease, certificate, consent, approval, authorization or other document (including provisions of Sections 9-406, 9-407, 9-408 or 9-409 of the UCC or under any other applicable Law) or at such time such prohibition or requirement for any consent is otherwise no longer in effect, or upon the granting of any consent to the creation of a Lien in such property (which consent, upon the request of Beneficiary, Trustor will



obtain). Notwithstanding anything to the contrary contained herein, in no event shall any System, Servitude or personal property that is specifically described in or referred to in Exhibit A constitute "Excluded Property" hereunder.

(e) "Fixture Collateral" means any fixture or fixtures now or hereafter owned or leased by Trustor, or in which Trustor holds or acquires any other right, title or interest, constituting "fixtures" under the UCC or that is considered a "fixture" pursuant to any applicable Law of any jurisdiction in which such property is located or pursuant to any applicable Law of which the character, constitution, or classification of such property may be determined. "Fixture Collateral" as used in this Deed of Trust includes, but shall not be limited to, the Fixture Operating Equipment, all pipe that comprises part of a pipeline system owned in whole or in part by Trustor, and any and all additions, substitutions and replacements of any of the foregoing, wherever located, including all improvements thereon and all attachments, components, parts, equipment and accessories installed thereon or affixed thereto together with all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, and accessions of any of the foregoing.

(f) "Fixture Operating Equipment" means any equipment related to or used in connection with the operation of fixtures, including, without limitation, the items described in the first sentence of the definition of Operating Equipment (as hereinafter defined), which as a result of being incorporated into realty or structures or improvements located therein or thereon, with the intent that they remain there permanently, constitute fixtures under the laws of the state in which such equipment is located.

(g) "General Intangibles" means all general intangibles as that term is defined in the UCC.

(h) "Hydrocarbons" means oil, gas, coal seam gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including, but not limited to, sulfur, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and the products and proceeds therefrom.

(i) "Lands" means the real property (i) described or referred to in Exhibit A attached hereto, or (ii) described in any instrument or document described in Exhibit A and which descriptions are incorporated herein by reference (and, in each case, any buildings and improvements located thereon).

(j) "Leases" means any and all leases or subleases covering the Lands or the Systems or any portion thereof now or hereafter existing or entered into and executed by Trustor or any predecessor-in-interest of Trustor in its capacity as lessor or sublessor or in a similar capacity.



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(k) "Mortgaged Property" means (x) with respect to the lien created by this Deed of Trust, all of Trustor's right, title, and interest in the following, to the extent such property is capable of being encumbered by the liens other than the security interest granted hereunder pursuant to any applicable Law, and (y) with respect to the security interest granted to Beneficiary pursuant to this Deed of Trust, all of Trustor's right, title, and interest in the following, to the extent such property is capable of being encumbered by the security interest granted hereunder pursuant to any applicable Law:

- (i) Accounts;
- (ii) Books, Records, and Data;
- (iii) the Fixture Collateral;
- (iv) General Intangibles;
- (v) the Lands;
- (vi) Leases and Rents;
- (vii) Contracts;
- (viii) Operating Equipment;
- (ix) the Systems;
- (x) the Servitudes;
- (xi) all other real, personal, or mixed property which comprises a part of, is necessary for, and/or is used or is held for use in connection with any of the foregoing;
- (xii) any of the foregoing that is acquired by Trustor at any time after the date of Deed of Trust; and
- (xiii) any Proceeds of any of the foregoing;

provided, however, that Mortgaged Property shall not include any Excluded Property. Notwithstanding the foregoing provisions, all proceeds and other assets or property received in exchange for, or in respect of, any Excluded Property shall, to the extent otherwise constituting Mortgaged Property, be subject to the security interest and assignment granted by Trustor pursuant to Article II unless any such assets or property are themselves Excluded Property.

(l) "Operating Equipment" means all surface or subsurface machinery, equipment, facilities, supplies, or other tangible personal property, including oil wells, gas wells, water wells, injection wells, gas processing plants, casing, tubing, rods, pumps, pumping units and engines, christmas trees, derricks, separators, gun barrels, flow lines, tanks, tank batteries, gas systems (for gathering, treating, compression, disposal or injection), chemicals, solutions, water systems (for treating, disposal and injection), pipe, pipelines, meters, apparatus, boilers, compressors, liquid extractors, connectors, valves,

fittings, power plants, poles, lines, cables, wires, transformers, starters and controllers, machine shops, tools, machinery and parts, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading docks, loading racks and shipping facilities, fixtures, and other appurtenances, appliances and property of every kind and character, movable or immovable, together with all improvements, betterments and additions, accessions and attachments thereto and replacements thereof, in each case wherever located and to the extent any of such tangible personal property is used in connection with or associated with the ownership and/or operation of the Lands or the Systems. For the avoidance of doubt, but without limiting the generality of the foregoing, "Operating Equipment" shall not include any items incorporated into realty or structures or improvements located therein or thereon in such a manner that such items no longer remain personalty under the laws of the state in which such equipment is located.

(m) "Organizational Documents" means (i) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (ii) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (iii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

(n) "Permitted Encumbrances" means, collectively, any Liens permitted by Section 7.01 of the Credit Agreement and any encumbrances described in Exhibit B attached hereto.

(o) "Personalty Collateral" means any part of the Mortgaged Property constituting personal property or with respect to which the UCC governs the creation, attachment, and perfection of liens and security interests in such property, whether or not such property is exclusively considered "personal property" pursuant to any applicable Law of any jurisdiction in which such property is located or pursuant to the Laws of which the character, constitution, or classification of such property may be determined.

(p) "Proceeds" means "proceeds" as that term is defined in the UCC, and includes, but is not limited to, all proceeds of any or all of the Mortgaged Property, including without limitation (i) any and all proceeds of, and all claims for, any property insurance, indemnity, warranty or guaranty payable from time to time with respect to any of the Mortgaged Property, (ii) any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Mortgaged Property by any Governmental Authority (or any person acting under color of governmental authority), (iii) all proceeds received or receivable when any or all of the Mortgaged Property is sold, exchanged or otherwise disposed, whether voluntarily, involuntarily, in foreclosure



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or otherwise, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Mortgaged Property.

(q) "Property Loss" means any loss, damage, destruction or other casualty to, or any condemnation of, any Mortgaged Property.

(r) "Realty Collateral" means any part of the Mortgaged Property constituting real property, whether or not such property is exclusively considered "real property" pursuant to any applicable Law of any jurisdiction in which such property is located or pursuant to the Laws of which the character, constitution, or classification of such property may be determined.

(s) "Rents" means all of Trustor's right, title, and interest in and to all rents, issues, profits, revenues, royalties, income, and other benefits derived from any leases or other transfers of any other part of the Mortgaged Property.

(t) "Secured Obligations" means:

(i) The "Obligations", as that term is defined in the Credit Agreement, including all indebtedness evidenced by the Notes;

(ii) All sums advanced or costs or expenses incurred by Beneficiary or any of the other Credit Parties (whether by it directly or on its behalf by the Trustee), which are made or incurred pursuant to, or allowed by, the terms of this Deed of Trust plus interest thereon from the date of the advance or incurrence until reimbursement of Beneficiary or such Credit Party charged at the same rate of interest as Base Rate Loans are charged when an Event of Default exists as set forth in the Credit Agreement;

(iii) All future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Beneficiary or any of the other Credit Parties to the Borrower or any other Loan Party under or pursuant to any Loan Document, any Secured Hedge Agreement or any Secured Cash Management Agreement; and

(iv) All renewals, extensions, modifications, amendments, rearrangements and substitutions of all or any part of the above whether or not Trustor executes any agreement or instrument.

(u) "Security Termination" means such time at which each of the following events shall have occurred on or prior to such time: (i) termination of the Aggregate Commitments, (ii) the payment in full of all Obligations (other than (A) contingent indemnification obligations and (B) obligations and liabilities under Secured Cash Management Agreements and Secured Hedge Agreements as to which arrangements satisfactory to the applicable Cash Management Bank or Hedge Bank shall have been made) and (iii) expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the applicable L/C Issuer shall have been made).



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(v) "Servitudes" means any and all land use agreements, permits, servitudes, rights of way, easements, licenses, leases and similar devices, whether now existing or hereafter arising, for the construction, maintenance and operation of the Systems.

(w) "Systems" shall mean all pipeline, refrigeration, processing, treating, gathering, storage, exchange, handling, transmitting, distributing, or transporting systems, plants, terminals, stations, facilities and other improvements now owned or hereafter acquired by Trustor and located on all or any portion of the Lands, including without limitation all of the following properties whether now owned or hereafter acquired by Trustor: (i) the pipelines, systems, plants, terminals, stations and facilities described in Exhibit A, and (ii) all of the accessories or component parts thereto, whether or not particularly described herein, including without limitation, (A) all equipment, gathering receipt, relay and pump stations, facilities, compressors, lengths of pipe and any and all other types of pipe actually employed in the construction of the systems, plants, terminals and facilities, including all loops, laterals, fittings, connections, valves, mains, meters, dehydrators, scrubbers, controls, tubing, casings surrounding any piping, casing seals, casing insulators and casing vents, and all joints, connections or flanges, rods, gauges and all compressor, tank and pump sites, pipe, piping, pipe racks, truck racks, pumps, engines, compressors, block valves, heaters, coolers, filters, refrigerators, dehydrators, extractors, measurement and pigging facilities, tanks, storage tanks, loading racks, scales, markers, including caution signs, aerial markers, navigable waterway marks, mile posts, and ground markers, and all other types of markers, cathodic protection test stations, regulators, starters, motors, engines, housing, leaders, orifices, skid-mounted equipment, exchangers, regenerators, reboilers, refrigeration equipment, separators, meters, valves, block valves and generators and all other natural gas and all surface or underground facilities, and all fences, and all pressure gauges and other gauges, and all interconnections with other pipelines, and all side valves, blowdown valves, mainline valves, and all test leads, (B) all materials or gas products or by-products processing, treating, fractionating, refuting, refrigeration, gas gathering, transporting, storing, delivering and/or marketing equipment, (C) all other items or types of equipment and associated or component parts or supplies, including any and all machinery, tools, blueprints, plans, furniture, furnishings, fixtures and other goods of Trustor, (D) all spare parts, replacements or substitutions of any of the foregoing and all other appurtenances of the Systems or their above-described associated or component parts, whether as a result of repair, replacement or addition and whether attached to, incorporated with the Systems or used in connection with the Systems whether or not the same is situated in, on or under all or any portion of the Lands, (E) all other personal property and fixtures of every kind and character on, incident, appurtenant or belonging to and used in connection with the interest of Trustor in all or any portion of the Lands or the Systems, and (F) all Proceeds and products of any of the foregoing.

(x) "UCC" means, at any time, the Washington Uniform Commercial Code in effect in the State of Washington at that time.

1.3 **Interpretations.** All meanings assigned to any defined terms used in this Deed of Trust, unless otherwise indicated, are to be equally applicable to both the singular and plural forms of the terms defined. Article, Section, Schedule, and Exhibit references are to Articles and



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Sections of and Schedules and Exhibits to this Deed of Trust, unless otherwise specified. All references to instruments, documents, contracts, and agreements are references to such instruments, documents, contracts, and agreements as the same may be amended, supplemented, and otherwise modified from time to time, unless otherwise specified. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Deed of Trust shall refer to this Deed of Trust as a whole and not to any particular provision of this Deed of Trust.

ARTICLE II

GRANTING CLAUSES; SECURED OBLIGATIONS

2.1 **Conveyance and Grant of Lien.** In consideration of the advances, issuances, or extensions by the Credit Parties to the Borrower of the funds or credit constituting the Secured Obligations (including the making of the Loans and the issuing of the Letters of Credit), and in further consideration of the mutual covenants contained herein, Trustor, by this Deed of Trust hereby GRANTS, BARGAINS, SELLS, TRANSFERS, ASSIGNS AND CONVEYS with a general warranty of title, and WITH POWER OF SALE, for the uses, purposes and conditions hereinafter set forth, all of its right, title and interest in and to the Mortgaged Property unto Trustee, and to his successor or successors or substitutes IN TRUST, WITH POWER OF SALE, to secure the payment and performance of the Secured Obligations for the benefit of Beneficiary and the ratable benefit of the Credit Parties.

TO HAVE AND TO HOLD the Mortgaged Property unto the Trustee and his successors or substitutes in trust and to his and their successors and assigns forever for the benefit of the Credit Parties, together with all and singular the rights, hereditaments and appurtenances thereto in anywise appertaining or belonging, to secure payment of the Secured Obligations and the performance of the covenants of Trustor contained in this Deed of Trust. Trustor does hereby bind itself, its successors and permitted assigns, to warrant and forever defend all and singular the Mortgaged Property unto the Trustee and his successors or substitutes in trust, and their successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

2.2 **Conveyance and Grant of Security Interest.** For the same consideration and to further secure the Secured Obligations, Trustor hereby grants to Beneficiary for its benefit and the ratable benefit of the other Credit Parties a security interest in and to the Mortgaged Property.

2.3 **Assignment of Rents and Leases.** Trustor hereby assigns, transfers, conveys, and sets over to Beneficiary all of Trustor's estate, right, title and interest in, to and under the Leases, whether existing on the date hereof or hereafter entered into, together with any changes, extensions, revisions or modifications thereof and all rights, powers, privileges, options and other benefits of Trustor as the lessor under the Leases regarding the current tenants and any future tenants, and all the Rents from the Leases, including those now due, past due, or to become due. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary, upon the occurrence and during the continuance of an Event of Default, to take possession and control of the applicable portions of the Mortgaged Property, pursuant to Trustor's rights under the Leases, to exercise any of Trustor's rights under the Leases, and to



demand, receive and enforce payment, to give receipts, releases and satisfaction and to sue, in the name of Trustor or Beneficiary, for all of the Rents. **To the extent permitted by law, the power of attorney granted hereby shall be irrevocable and coupled with an interest and shall terminate only upon the occurrence of Security Termination, and Trustor hereby releases Beneficiary from all liability (other than as a result of the gross negligence or willful misconduct of Beneficiary) whatsoever for the exercise of the foregoing power of attorney and all actions taken pursuant thereto.** The consideration received by Trustor to execute and deliver this assignment and the liens and security interests created herein is legally sufficient and will provide a direct economic benefit to Trustor. It is intended by Trustor and Beneficiary that the assignment set forth herein constitutes an absolute assignment and not merely an assignment for additional security. Notwithstanding the foregoing, this assignment shall not be construed to bind Beneficiary to the performance of any of the covenants, conditions, or provisions of Trustor contained in the Leases or otherwise to impose any obligation upon Beneficiary, and, so long as no Event of Default shall have occurred and be continuing, Trustor shall have a license to possess and control the Leases and collect and receive the Rents. Upon the occurrence of an Event of Default, such license in favor of Trustor shall be automatically revoked. Beneficiary's acceptance of the assignment of the Rents under this Deed of Trust shall not be deemed to constitute Beneficiary a "secured party in possession," nor obligate Beneficiary to appear in or defend any proceeding relating to the Rents, any Leases, or the Mortgaged Property, or to take any action hereunder, expend any money, incur any expenses, or perform any obligation under any Leases.

2.4 **After-Acquired Mortgaged Property.** Any and all of the Mortgaged Property which is acquired after the date of this Deed of Trust shall, immediately and without any further conveyance, assignment, or act on the part of Trustor or Beneficiary, be subject to the Liens granted pursuant to this Deed of Trust as fully and completely as though specifically described herein and as though such Mortgaged Property had been owned by Trustor on the date of this Deed of Trust.

2.5 **Revolving Credit and Future Advances.** It is contemplated and acknowledged that the Secured Obligations may include revolving credit loans and advances from time to time, and that this Deed of Trust shall have effect as of the date hereof to secure all Secured Obligations, regardless of whether any amounts are advanced on the date hereof or on a later date or, whether having been advanced, are later repaid in part or in whole and further advances made at a later date. This Deed of Trust secures all future advances and obligations constituting Secured Obligations.

2.6 **Security for Secured Obligations.** The Liens and other rights granted pursuant to Section 2.1 and Section 2.2 of this Deed of Trust secure, and the Mortgaged Property is security for, the prompt performance and payment in full in cash when due, whether at stated maturity, by acceleration or otherwise, of the Secured Obligations. Notwithstanding that the balance of the Secured Obligations may at certain times be zero and that no Secured Obligations may at certain times be outstanding, the Liens granted hereunder and this Deed of Trust shall remain in full force and effect at all times and with the same priority until Security Termination has occurred.



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2.7 PRODUCTS AND PROCEEDS. THE LIENS AND SECURITY INTERESTS GRANTED BY TRUSTOR UNDER THIS DEED OF TRUST INCLUDE ALL PRODUCTS AND PROCEEDS OF THE MORTGAGED PROPERTY.

ARTICLE III

REPRESENTATIONS, WARRANTIES, AND COVENANTS

3.1 Representations and Warranties. Subject to the provisions of the Credit Agreement and any express exceptions contained therein, Trustor represents and warrants as follows:

(a) Trustor is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization and in good standing and qualified to do business in each jurisdiction where its ownership or lease of property or conduct of its business requires such qualification and where a failure to be qualified could reasonably be expected to cause a Material Adverse Effect.

(b) The execution, delivery, and performance by Trustor of this Deed of Trust and the consummation of the transactions contemplated hereby (i) have been duly authorized by all necessary corporate or other organizational action, (ii) do not and will not violate (A) such Trustor's Organizational Documents or (B) any applicable Law or Contract binding on or affecting Trustor or its property and (iii) will not result in or require the creation or imposition of any Lien prohibited by the Loan Documents.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for (i) the due execution, delivery and performance by Trustor of this Deed of Trust or (ii) the consummation of the transactions contemplated hereby, except for the authorizations, approvals, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect.

(d) This Deed of Trust is the legal, valid, and binding obligation of Trustor and is enforceable against Trustor in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar law affecting creditors' rights generally.

(e) Trustor has indefeasible title to the Mortgaged Property, except for defects that, individually or in the aggregate, (i) do not materially interfere with the ordinary conduct of Business and (ii) do not have a Material Adverse Effect. None of the Mortgaged Property is subject to any Lien, except for Permitted Encumbrances.

(f) The descriptions in Exhibit A hereto include a complete and accurate description of all fee owned land, easements and leasehold interests in land comprising a portion of the Mortgaged Property, or the document number, file number or book and page or other location in the county real property records of the document that conveyed such fee owned land or created such easement or leasehold interest.



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(g) All of the Contracts affecting any interest in the Lands or the rest of the Mortgaged Property are valid, subsisting and in full force and effect in all material respects. Neither Trustor nor, to the knowledge of Trustor, any other party to any such Contract (i) is in breach of or default or, with the lapse of time or the giving of notice or both, would be in breach or default, with respect to any obligations under any such Contract, whether express or implied, or (ii) has given or threatened to give notice of any default under or inquiry into any possible default under, or action to alter, terminate, rescind or procure a judicial reformation of, any such Contract, except, in each case, to the extent any such breach or default, individually or in the aggregate, (x) does not materially interfere with the ordinary conduct of Business and (y) does not have a Material Adverse Effect.

(h) All rentals and other payments due under or with respect to the Lands have been properly and timely paid, except to the extent that a failure to do so, individually or in the aggregate, (i) does not materially interfere with the ordinary conduct of Business and (ii) does not have a Material Adverse Effect. All taxes due and payable have been properly and timely paid except (i) for such taxes being contested in good faith by appropriate proceedings, and for which reserves shall have been made and except for such taxes as are being currently paid prior to delinquency in the ordinary course of business and (ii) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. All expenses due and payable under the terms of the Contracts have been properly and timely paid except (i) for such expenses being contested in good faith by appropriate proceedings, and for which reserves shall have been made and except for such expenses as are being currently paid prior to delinquency in the ordinary course of business and (ii) to the extent that a failure to do so, individually or in the aggregate, (A) does not materially interfere with the ordinary conduct of Business and (B) does not have a Material Adverse Effect.

(i) All necessary regulatory filings have been properly made in connection with the operation of Trustor's business related to the Mortgaged Property except where a failure to make such filing could not reasonably be expected to cause a Material Adverse Effect.

(j) THE REAL PROPERTY CONVEYED BY THIS DEED OF TRUST IS NOT USED PRINCIPALLY FOR AGRICULTURAL PURPOSES.

(k) Address and Identification Information.

(i) As of the date of this Deed of Trust, Trustor's address, place of business, residence, chief executive office and office where Trustor keeps its records concerning Accounts and General Intangibles is set forth in Section 6.12, and there has been no change in the location of any Trustor's place of business, residence, chief executive office and office where it keeps such records and no change of Trustor's name during the four months immediately preceding the date of this Deed of Trust.



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(ii) Trustor's (x) federal tax identification number is 27-4151836 and organizational number is 4890313, (y) state of formation or organization, as applicable is Delaware and (z) correctly-spelled name is Tesoro Logistics Operations LLC.

(iii) Beneficiary's address is set forth in Section 6.12 hereto.

(iv) Trustee's address is set forth in Section 6.12 hereto.

3.2 **Covenants.** Subject to the provisions of the Credit Agreement and any express exceptions contained therein, Trustor agrees as follows:

(a) **Payment of Lienable Claims.** Trustor shall make prompt payment when due and owing of all taxes, assessments, and governmental charges imposed on or assessed against this instrument, upon the interest of Beneficiary or the Trustee, upon the Mortgaged Property or any part thereof, or upon the revenues, income, or profits from any of the above, except for such amounts as are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been established. Trustor shall make prompt payment when due and owing of all lawful claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, except for such amounts as are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been established.

(b) **Operation of Mortgaged Property.** Trustor shall (i) operate the Mortgaged Property in accordance with all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property in all material respects and (ii) comply with all terms and conditions of the Servitudes it now holds and each assignment or Contract obligating Trustor in any way with respect to the Mortgaged Property, except in such instances for clause (i) and (ii) in which (A) such requirement of Law or order, writ, injunction or decree or such term or condition of a Servitude, assignment or Contract is being contested in good faith by appropriate proceedings diligently conducted or (B) the failure to comply therewith, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; but nothing herein shall be construed to empower Trustor to bind the Trustee or Beneficiary or any other Credit Party to any contract or obligation or render the Trustee or Beneficiary or any other Credit Party in any way responsible or liable for bills or obligations incurred by Trustor. Trustor shall, and shall cause all other Persons operating the Mortgaged Property, to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits, and to obtain and renew all Environmental Permits necessary for the Mortgaged Properties and the operation of the Mortgaged Properties.

(c) **Maintenance of Easements.** Trustor shall keep and continue, or cause to be kept and continued, all Servitudes, estates and interests herein described and all contracts and agreements relating thereto in full force and effect in accordance with the terms thereof and will not permit the same to lapse or otherwise become impaired for



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failure to comply with the obligations thereof, whether express or implied, except where such lapse or impairment, individually or in the aggregate, (i) does not materially interfere with the ordinary conduct of Business and (ii) could not reasonably be expected to have a Material Adverse Effect.

(d) Other Encumbrances. Trustor shall not create, assume, incur or suffer to exist, or permit any of its Subsidiaries to create, assume, incur or suffer to exist, any Lien on or in respect of any of the Mortgaged Property, whether now owned or hereafter acquired, or assign or otherwise convey, or permit any such Subsidiary to assign or otherwise convey, any right to receive income in respect of any of the Mortgaged Property, in each case to secure or provide for the payment of any Debt, trade payable or other obligation or liability of any Person, except for Permitted Encumbrances and for any Disposition that is permitted under the terms of the Credit Agreement.

(e) Environmental Conditions. If at any time any Hazardous Material is discovered on, under, or about any of the Realty Collateral or any other real property owned or operated by Trustor ("Other Property") in violation of any Environmental Law in any material respect, Trustor will perform and comply with all applicable covenants contained in the Credit Agreement. In addition to all other rights and remedies of Administrative Agent and the Credit Parties under the Loan Documents, but subject to Trustor's right to contest the performance of any such response, as further described in this Section, if such Hazardous Materials require remediation or removal under the terms of the Credit Agreement but have not been remedied or removed from the affected Mortgaged Property or Other Property or the groundwater underlying such Mortgaged Property or Other Property by Trustor within the time periods contemplated by the applicable response, Administrative Agent may, at its sole discretion and after giving Trustor at least thirty (30) days' prior written notification of its intention to self-implement any required response (it being understood that no such advance notification need be given during the continuance of an Event of Default if such Event of Default relates to an applicable environmental representation or covenant contained in the Credit Agreement), pay to have the same remedied or removed in accordance with the applicable remediation program, and Trustor will reimburse Administrative Agent therefor within ten (10) Business Days of Administrative Agent's demand for payment. Trustor shall have the right to contest any notice, directive or other demand of any third party, including without limitation, any Governmental Authority, to remedy or remove Hazardous Materials from any Mortgaged Property or any Other Property so long as Trustor diligently prosecutes such contest to completion, complies with any final order or determination and, before such contest, either furnishes Administrative Agent security in an amount equal to the cost of remediation or removal of the Hazardous Materials or posts a bond with a surety satisfactory to Administrative Agent in such amount. **TRUSTOR SHALL BE SOLELY RESPONSIBLE FOR, AND WILL INDEMNIFY AND HOLD HARMLESS ADMINISTRATIVE AGENT AND EACH OTHER CREDIT PARTY AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST, ANY AND ALL LOSSES, DAMAGES, DEMANDS, CLAIMS, CAUSES OF ACTION, JUDGMENTS, ACTIONS, ASSESSMENTS, PENALTIES, COSTS, EXPENSES AND LIABILITIES DIRECTLY OR INDIRECTLY**



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ARISING OUT OF OR ATTRIBUTABLE TO ANY HAZARDOUS MATERIALS AT ANY REALTY COLLATERAL OR ANY OTHER PROPERTY, INCLUDING, WITHOUT LIMITATION, THE FOLLOWING: (1) THE COSTS OF ANY REPAIR, CLEANUP OR DETOXIFICATION OF ANY MORTGAGED PROPERTY OR OTHER PROPERTY REQUIRED UNDER ENVIRONMENTAL LAW, AND THE PREPARATION AND IMPLEMENTATION OF ANY CLOSURE, REMEDIAL OR OTHER PLANS REQUIRED UNDER ENVIRONMENTAL LAW; AND (2) ALL REASONABLE COSTS AND EXPENSES INCURRED BY ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY IN CONNECTION WITH CLAUSE (1) ABOVE, INCLUDING REASONABLE ATTORNEYS' FEES; PROVIDED, HOWEVER, THAT TRUSTOR SHALL NOT BE LIABLE FOR ANY OF THE FOREGOING THAT IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ADMINISTRATIVE AGENT OR A CREDIT PARTY AFTER TAKING POSSESSION OF THE MORTGAGED PROPERTY. The covenants and indemnities provided in this section shall survive the repayment or any other satisfaction of the Secured Obligations and the occurrence of Security Termination.

(f) Notification. Trustor will promptly notify Beneficiary of any material Property Loss, including all Property Losses where the aggregate damage to the Mortgaged Property and/or lost revenues of Trustor with respect to the Mortgaged Property could reasonably be expected to exceed \$10,000,000.

3.3 Further Assurances; Defense of Claims. Subject to the provisions of the Credit Agreement and any express exceptions contained therein, Trustor further agrees as follows:

(a) Promptly upon request and at its expense, Trustor shall cure any defects in the creation, execution and delivery of this Deed of Trust. Trustor hereby authorizes Beneficiary to file any financing statements without the signature of Trustor to the extent permitted by applicable law in order to perfect or maintain the perfection of any security interest granted under this Deed of Trust. Trustor at its expense will promptly execute and deliver to Beneficiary upon reasonable request all such other documents, agreements and instruments to comply with or accomplish the covenants and agreements of Trustor in this Deed of Trust, or to further evidence and more fully describe the Mortgaged Property, or to correct any omissions in this Deed of Trust, or to state more fully the security obligations set out herein, or to perfect, protect or preserve any Liens created pursuant hereto, or to make any recordings, to file any notices or obtain any consents, all as may be necessary or appropriate in connection therewith or to enable Beneficiary to exercise and enforce its rights and remedies with respect to any Mortgaged Property.

(b) Within 30 days after a request by Beneficiary or any Credit Party to cure any title defects or exceptions which are not Permitted Encumbrances and which, individually or in the aggregate, (i) materially interfere with the ordinary conduct of business, (ii) materially detract from the value or the use of the portion of the Mortgaged Property affected thereby, or (iii) could reasonably be expected to have a Material



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Adverse Effect, Trustor shall cure such title defects or exceptions or substitute such Mortgaged Property with acceptable Property of an equivalent value with no title defects or exceptions and deliver to Beneficiary satisfactory title evidence in form and substance acceptable to Beneficiary in its reasonable business judgment as to Trustor's title in such Property and the Mortgage's Liens and security interests therein.

(c) Trustor shall promptly notify Beneficiary in writing of the commencement of any legal proceeding affecting Trustor's title to the Mortgaged Property or Beneficiary's Lien or security interest in the Mortgaged Property, or any part thereof and which (i) materially interferes with the ordinary conduct of business or (ii) has resulted or could reasonably be expected to result in a Material Adverse Effect. Trustor shall take such action, employing attorneys agreeable to Beneficiary, as may be necessary to preserve Trustor's, the Trustee's and Beneficiary's rights affected thereby. If Trustor fails or refuses to adequately or vigorously, in the reasonable judgment of Beneficiary, defend Trustor's, the Trustee's or Beneficiary's rights to the Mortgaged Property, the Trustee or Beneficiary may take such action on behalf of and in the name of Trustor and at Trustor's expense. Moreover, Beneficiary or the Trustee on behalf of Beneficiary, may take such independent action in connection therewith as they may in their discretion deem proper, including the right to employ independent counsel and to intervene in any suit affecting the Mortgaged Property. All costs, expenses and attorneys' fees incurred by Beneficiary or the Trustee pursuant to this Section 3.3 or in connection with the defense by Beneficiary of any claims, demands or litigation relating to Trustor, the Mortgaged Property or the transactions contemplated in this Deed of Trust shall be paid by Trustor as provided in Section 6.2 below.

(d) Trustor shall maintain and preserve the Lien and security interest herein created as a valid and perfected first priority Lien and security interest subject only to Permitted Encumbrances.

3.4 **Recording.** Trustor shall promptly (at Trustor's own expense) record, register, deposit and file this Deed of Trust and every other instrument in addition or supplement hereto, including applicable financing statements, in such offices and places within the state where the Mortgaged Property is located and at such times and as often as may be necessary to preserve, protect and renew the Lien and security interest herein created as a valid and perfected first priority Lien (subject to Permitted Encumbrances) on real or personal property as the case may be, and otherwise shall do and perform all matters or things necessary or expedient to be done or observed by reason of any Law for the purpose of effectively creating, perfecting, maintaining and preserving the Lien and security interest created hereby in and on the Mortgaged Property.

3.5 **Records, Statements and Reports.** Trustor shall keep proper books of record and account in which complete and correct entries shall be made of Trustor's transactions in accordance with the method of accounting required in the Credit Agreement and shall furnish or cause to be furnished to Beneficiary the reports required to be delivered pursuant to the terms of the Credit Agreement.

3.6 **Covenants Running with the Land.** All covenants and agreements herein contained shall constitute covenants running with the Land.



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3.7 **Incorporation of Covenants from Credit Agreement.** The covenants applicable to Trustor and to the Mortgaged Property contained in Article VI and Article VII of the Credit Agreement are hereby confirmed and restated, each such covenant, together with all related definitions and ancillary provisions, being hereby incorporated into this Deed of Trust by reference as though specifically set forth in this Section, and Trustor hereby agrees that Trustor shall perform and comply with such covenants until Security Termination has occurred.

ARTICLE IV

DEFAULT

4.1 **Events of Default.** An Event of Default under the terms of the Credit Agreement shall constitute an "Event of Default" under this Deed of Trust.

4.2 **Acceleration Upon Default.** Upon the occurrence and during the continuance of any Event of Default, Beneficiary may, as provided in the Credit Agreement, declare, among other amounts, the entire unpaid principal of, and the interest accrued on the Notes and the Loans to be forthwith due and payable, whereupon the same shall become immediately due and payable without any protest, presentment, demand, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are hereby expressly waived by Trustor. Whether or not Beneficiary elects to accelerate as provided in the Credit Agreement, Beneficiary may, whenever an Event of Default has occurred and is continuing, exercise any other right or remedy provided to Beneficiary in this Deed of Trust or otherwise existing under the Credit Agreement or any other Loan Documents or any other agreement, document, or instrument evidencing obligations owing from Trustor to any of the Credit Parties.

ARTICLE V

Beneficiary's Rights

5.1 **Rights to Realty Collateral Upon Default.**

(a) *Operation of Property by Beneficiary.* Upon the occurrence and during the continuance of any Event of Default, and in addition to all other rights of Beneficiary, except as limited by applicable law, Beneficiary shall have the following rights and powers (but no obligation):

(i) To hold, use, administer, manage and operate the Realty Collateral to the extent that Trustor could do so, and without any liability to Trustor in connection with such operations; and

(ii) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, to enter upon and take possession of the Realty Collateral or any part thereof, and exclude Trustor therefrom, and do any other acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Realty Collateral, or part thereof or interest therein, increase the income



therefrom or protect the security hereof and, with or without taking possession of the Realty Collateral, take any action described herein, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less reasonable costs and expenses of operation and collection including reasonable attorneys' fees, upon the Secured Obligations, all in such order as Beneficiary may determine.

The entering upon and taking possession of the Realty Collateral, the taking of any action described herein, the collection of such Rents, and the application thereof as aforesaid, shall not cure or waive any Event of Default or notice of default or invalidate any act done in response to such Event of Default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Realty Collateral or the collection, receipt and application of Rents, Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon any Event of Default, including the right to exercise the power of sale herein conferred. Beneficiary may designate any person, firm, corporation or other entity to act on its behalf in exercising the foregoing rights and powers.

(b) *Judicial Proceedings.* Upon the occurrence and during the continuance of any Event of Default, the Trustee and/or Beneficiary, in lieu of or in addition to exercising the power of sale hereafter given, may proceed by a suit or suits, in equity or at law (i) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (ii) for the appointment of a receiver whether there is then pending any foreclosure hereunder or the sale of the Realty Collateral, or (iii) for the enforcement of any other appropriate legal or equitable remedy; and further, in lieu of the non-judicial power of sale hereafter given for Mortgaged Property located in the State of Washington, the Trustee may proceed by suit for a judicial foreclosure of the Realty Collateral.

(c) *Foreclosure by Private Power of Sale of Collateral.* Upon the occurrence and during the continuance of any Event of Default, the Trustee shall have the right and power to sell, as the Trustee may elect, all or a portion of the Mortgaged Property at one or more sales as an entirety or in parcels, in accordance with applicable state law. Trustor hereby designates as Trustor's address for the purpose of notice the address set out in Section 6.12; provided that Trustor may by written notice to Beneficiary designate a different address for notice purposes. Any purchaser or purchasers will be provided with a conveyance in accordance with applicable law in the State of Washington binding Trustor and Trustor's successors and assigns. Except to the extent inconsistent with applicable Law, the sale of a part of the Realty Collateral will not exhaust the power of sale, and sales may be made from time to time until all of the Realty Collateral is sold or all of the Secured Obligations are paid in full.

(d) *Certain Aspects of Sale.* Beneficiary will have the right to become the purchaser at any foreclosure sale and to credit the then outstanding balance of the Secured Obligations against the amount payable by Beneficiary as purchaser at such sale. Statements of fact or other recitals contained in any conveyance to any purchaser or purchasers at any sale made hereunder will conclusively establish the occurrence of any



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Event of Default, any acceleration of the maturity of the Secured Obligations, the advertisement and conduct of such sale in the manner provided herein, the appointment of any successor-Trustee hereunder and the truth and accuracy of all other matters stated therein. Trustor does hereby ratify and confirm all legal acts that the Trustee may do in carrying out the Trustee's duties and obligations under this Deed of Trust, and, subject to applicable law, Trustor hereby irrevocably appoints Beneficiary to be the attorney-in-fact of Trustor and in the name and on behalf of Trustor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Trustor ought to execute and deliver and do and perform any and all such acts and things which Trustor ought to do and perform under the covenants herein contained and generally to use the name of Trustor in the exercise of all or any of the powers hereby conferred on Trustee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Trustee or any public officer acting under execution or by order of court, to have physically present or constructively in his possession any of the Mortgaged Property, and Trustor hereby agrees to deliver to the purchaser or purchasers at such sale on the date of sale the Mortgaged Property purchased by such purchasers at such sale and if it should be impossible or impracticable to make actual delivery of such Mortgaged Property, then the title and right of possession to such Mortgaged Property shall pass to the purchaser or purchasers at such sale as completely as if the same had been actually present and delivered.

(e) *Receipt to Purchaser.* Upon any sale made under the power of sale herein granted, the receipt of the Trustee will be sufficient discharge to the purchaser or purchasers at any sale for its purchase money, and such purchaser or purchasers, will not, after paying such purchase money and receiving such receipt of the Trustee, be obligated to see to the application of such purchase money or be responsible for any loss, misapplication or non-application thereof.

(f) *Effect of Sale.* Any Trustee's foreclosure sale or sales of the Realty Collateral will operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Trustor in and to the premises and the Realty Collateral sold, and will be a perpetual bar, both at law and in equity, against Trustor, Trustor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the Realty Collateral sold by, through or under Trustor, or Trustor's successors or assigns. Nevertheless, if requested by the Trustee so to do, Trustor shall join in the execution and delivery of all proper conveyances, assignments and transfers of the Property so sold. The purchaser or purchasers at such Trustee's foreclosure sale will receive as incident to his, her, its or their own ownership, possession at the time designated by statute of the Realty Collateral purchased and Trustor agrees that if Trustor retains possession of the Realty Collateral or any part thereof subsequent to such sale, Trustor will be considered a tenant at sufferance of the purchaser or purchasers and will be subject to eviction and removal by any lawful means, with or without judicial intervention, and all damages by reason thereof are hereby expressly waived by Trustor. Such Trustee's foreclosure sale shall permit Trustee in the manner and at the times permitted under applicable Washington Law, including the sale of the Realty Collateral on the date and at the time and place designated in a notice of sale, either as a whole or in separate parcels, and in such order as Beneficiary may determine (but subject to any then

existing statutory right, if any, of Trustor to direct the order in which such property is sold, if consisting of several known lots or parcels), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale on terms designated by Beneficiary. The person conducting such sale may, for any cause deemed expedient, postpone the sale from time to time until it shall be completed, all in accordance with and to the extent permitted by applicable Washington Law. Trustee shall execute and deliver to the purchaser a Trustee's deed conveying the Realty Collateral so sold. The recitals in the Trustee's deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at such sale. To the extent permitted by applicable law, upon any sale made under or by virtue of this section, whether made under the power of sale herein granted, by virtue of judicial proceedings, or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Realty Collateral or any part thereof, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the Secured Obligations the net sales price, after deducting therefrom the expenses of the sale and the cost of the action and any other sums which Beneficiary is authorized to deduct under this Deed of Trust.

(g) *Application of Proceeds.* Except to the extent inconsistent with applicable Law, the proceeds of any sale of the Realty Collateral or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall either be, at the option of Beneficiary, applied at the time of receipt, or held by Beneficiary in a cash collateral account as additional Mortgaged Property, and in either case, applied in the order set forth in Section 8.03 of the Credit Agreement.

(h) *Trustor's Waiver of Appraisalment and Marshalling.* Except to the extent inconsistent with applicable Law, Trustor agrees, to the full extent that Trustor may lawfully so agree, that Trustor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisalment, valuation, stay, extension or redemption law, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, the absolute sale of the Mortgaged Property, including the Realty Collateral, or the possession thereof by any purchaser at any sale made pursuant to this Deed of Trust or pursuant to the decree of any court of competent jurisdiction; and Trustor, for Trustor and all who may claim through or under Trustor, hereby waives the benefit of all such laws and, to the extent that Trustor may lawfully do so under any applicable Law, any and all rights to have the Mortgaged Property, including the Realty Collateral, marshaled upon any foreclosure of the Lien hereof or sold in inverse order of alienation. Trustor agrees that the Trustee may sell the Mortgaged Property, including the Realty Collateral, in part, in parcels or as an entirety as directed by Beneficiary.

(i) *Waiver of Notices, Appraisements, Reinstatement and other Rights.* Trustor hereby expressly waives, to the full extent permitted by applicable Law, any and all rights or privileges of notices, appraisements, redemption and any prerequisite in the event of foreclosure of the liens and/or security interests created herein, including without limitation, any right to reinstatement prior to foreclosure. Beneficiary at all times shall have the right to release any part of the Mortgaged Property now or hereafter subject to



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the liens or security interests of this Deed of Trust, any part of the proceeds of production or other income herein or hereafter assigned or pledged, or any other security it now has or may hereafter have securing the Secured Obligations, without releasing any other part of the Mortgaged Property, proceeds or income, and without affecting the liens or security interests hereof as to the part or parts of the Mortgaged Property, proceeds or income not so released or the right to receive future proceeds and income.

5.2 Rights to Personalty Collateral Upon Default. Upon the occurrence and during the continuance of any Event of Default, Beneficiary or the Trustee may proceed against the Personalty Collateral in accordance with the rights and remedies granted herein with respect to the Realty Collateral, or will have all rights and remedies granted by the UCC and this Deed of Trust. Beneficiary shall have the right to take possession of the Personalty Collateral, and for this purpose Beneficiary may enter upon any premises on which any or all of the Personalty Collateral is situated and, to the extent that Trustor could do so, take possession of and operate the Personalty Collateral or remove it therefrom. Beneficiary may require Trustor to assemble the Personalty Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. Unless the Personalty Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary will send Trustor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of the Personalty Collateral is to be made. This requirement of sending reasonable notice will be met if such notice is mailed, postage prepaid, to Trustor at the address designated in Section 6.12 hereof (or such other address as has been designated as provided herein) at least ten (10) days before the time of the sale or disposition. In addition to the expenses of retaking, holding, preparing for sale, selling and the like, Beneficiary will be entitled to recover attorney's fees and legal expenses as provided for in this Deed of Trust and in the writings evidencing the Secured Obligations before applying the balance of the proceeds from the sale or other disposition toward satisfaction of the Secured Obligations. To the extent permitted under Law, Trustor will remain liable for any deficiency remaining after the sale or other disposition. Trustor hereby consents and agrees that any disposition of all or a part of the Mortgaged Property may be made without warranty of any kind whether expressed or implied.

5.3 Rights to Fixture Collateral Upon Default. Upon the occurrence and during the continuance of any Event of Default, Beneficiary may elect to treat the Fixture Collateral as either Realty Collateral or as Personalty Collateral (but not both) and proceed to exercise such rights as apply to the type of Mortgaged Property selected.

5.4 Certain Remedies Related to Rents. After the occurrence and during the continuance of an Event of Default, Beneficiary may by written notice to Trustor terminate Trustor's license to collect the Rents hereunder. Any Rents received by Trustor after such notice shall be held in trust for the benefit of Beneficiary, segregated from the other funds of Trustor, and immediately paid over to Beneficiary, with any necessary endorsement. Trustor irrevocably authorizes all parties obligated to pay Rents to accept any notice from Beneficiary that Trustor's license to collect the Rents has been terminated after the occurrence and during the continuance of an Event of Default and, following such notice, to follow the instructions of Beneficiary and ignore the instructions of Trustor with respect to collecting the Rents, including instructions which direct the obligors to pay all amounts due directly to Beneficiary. Upon such notification



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and at the expense of Trustor, Beneficiary may enforce collection of any Rents, and adjust, settle, or compromise the amount or payment thereof.

5.5 **Account Debtors.** Beneficiary may, in its discretion, after the occurrence and during the continuance of any Event of Default, notify any account debtor to make payments directly to Beneficiary and contact account debtors directly to verify information furnished by Trustor. Beneficiary shall not have any obligation to preserve any rights against prior parties.

5.6 **Costs and Expenses.** All reasonable sums advanced or costs or expenses incurred by Beneficiary (either by it directly or on its behalf by the Trustee or any receiver appointed hereunder) in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by Trustor to Beneficiary as part of the Secured Obligations. Trustor hereby agrees to repay such reasonable sums on demand plus interest thereon at the same rate of interest as Base Rate Loans are charged when an Event of Default exists as set forth in the Credit Agreement (a) from the date of the advance or incurrence until reimbursement of Beneficiary if such reasonable sums are advanced or costs or expenses are incurred during the continuance of an Event of Default, and (b) from the date of demand until reimbursement of Beneficiary if such reasonable sums are advanced or costs or expenses are incurred during the continuance of an Event of Default.

5.7 **Set-Off.** Trustor hereby irrevocably authorizes Beneficiary and each Lender at any time and from time to time upon the occurrence and during the continuance of any Event of Default, without prior notice to Trustor or any other Loan Party, any such notice being waived by Trustor to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of Trustor against any and all Obligations owing to such Lender under the Credit Agreement, any Guaranty, or under any other Loan Document, now or hereafter existing, irrespective of whether or not Beneficiary or such Lender shall have made demand for payment and although such Obligations may be contingent or unmaturing or denominated in a currency different from that of the applicable deposit or indebtedness. Any such set-off shall be subject to the notice requirements of Section 10.08 of the Credit Agreement; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

5.8 **Redemption.** Trustor acknowledges and agrees that there is no right of redemption in connection with a trustee's sale in the State of Washington.

ARTICLE VI

Miscellaneous

6.1 **Trustees.**

(a) *Successor Trustees.* The Trustee may resign in writing addressed to Beneficiary or be removed at any time with or without cause by an instrument in writing duly executed by Beneficiary. In case of the death, resignation or removal of the Trustee,



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a successor Trustee may be appointed by Beneficiary by instrument of substitution complying with any applicable requirements of law, and in the absence of any requirement, without other formality other than an appointment and designation in writing. The appointment and designation will vest in the named successor Trustee all the estate and title of the Trustee in all of the Mortgaged Property and all of the rights, powers, privileges, immunities and duties hereby conferred upon the Trustee. All references herein to the Trustee will be deemed to refer to any successor Trustee from time to time acting hereunder.

(b) *Indemnification of Trustee.* The Trustee shall not be liable for any error of judgment or act done by the Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, **INCLUDING THE TRUSTEE'S OWN NEGLIGENCE**, but excluding any of the Trustee's own gross negligence or willful misconduct found to be such by a final, non-appealable judgment by a court of competent jurisdiction. The Trustee may rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by Law), and the Trustee shall have no liability for interest on any moneys received by him hereunder. **Except as prohibited by law, Trustor shall reimburse the Trustee for, and indemnify and save the Trustee harmless against, any and all liability and expenses which may be incurred by the Trustee in the performance of the Trustee's duties hereunder, INCLUDING THOSE INCURRED AS A RESULT OF THE TRUSTEE'S OWN NEGLIGENCE, but excluding such liabilities and expenses that are found by a final, non-appealable judgment by a court of competent jurisdiction to have been incurred as a result of the gross negligence or willful misconduct. Trustor's obligations under this Section 6.1(b) shall survive the termination of this Deed of Trust, the payment in full of the Secured Obligations, the termination of all obligations of the L/C Issuers and the Lenders in respect of Letters of Credit, the termination or expiration of the Commitments and the occurrence of Security Termination.**

(c) *Duties of Trustee.* It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Deed of Trust or any other instrument in addition or supplemental hereto, or to see to the payment of or be under any duty with respect to any tax or assessment or other governmental charge which may be levied or assessed on the Mortgaged Property, any part thereof, or against Trustor, or to see to the performance or observance by Trustor of any of the covenants and agreements contained herein. Trustee shall not be responsible for the execution, acknowledgment or validity of this Deed of Trust or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of Beneficiary. Trustee shall have the right to seek the advice of counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. Trustee shall not incur any personal liability hereunder except for his own willful misconduct; and the Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting



any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.

6.2 Advances by Beneficiary or Trustee. Each and every covenant of Trustor herein contained shall be performed and kept by Trustor solely at Trustor's expense. If Trustor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this Deed of Trust, Beneficiary (either by it directly or on its behalf by the Trustee or any receiver appointed hereunder) may, but will not be obligated to, make advances to perform the same on Trustor's behalf, and Trustor hereby agrees to repay such sums and any reasonable attorneys' fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of Beneficiary at the same rate of interest as Base Rate Loans are charged when an Event of Default exists as set forth in the Credit Agreement. In addition, Trustor hereby agrees to repay on demand any costs, expenses and reasonable attorney's fees incurred by Beneficiary or the Trustee which are to be obligations of Trustor pursuant to, or allowed by, the terms of this Deed of Trust, including such costs, expenses and reasonable attorney's fees incurred pursuant to the terms hereof, plus interest thereon from the date of the advance by Beneficiary or the Trustee until reimbursement of Beneficiary or the Trustee, respectively, at the same rate of interest as Base Rate Loans are charged when an Event of Default exists as set forth in the Credit Agreement. Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written instruments comprising part of the Secured Obligations, be due and owing. No such advance will be deemed to relieve Trustor from any default hereunder.

6.3 Termination. If Security Termination has occurred, then all of the Mortgaged Property (to the extent not sold pursuant to the terms hereof) will revert to Trustor and the entire estate, right, title and interest of the Trustee and Beneficiary will thereupon cease; and Beneficiary in such case shall, upon the request of Trustor and the payment by Trustor of all reasonable attorneys' fees and other expenses, deliver to Trustor proper instruments acknowledging satisfaction of this Deed of Trust.

6.4 Renewals, Amendments and Other Security. Without notice or consent of Trustor, renewals and extensions of the written instruments constituting part or all of the Secured Obligations may be given at any time and amendments may be made to agreements relating to any part of such written instruments or the Mortgaged Property. Beneficiary may take or hold other security for the Secured Obligations without notice to or consent of Trustor. The acceptance of this Deed of Trust by Beneficiary shall not waive or impair any other security Beneficiary may have or hereafter acquire to secure the payment of the Secured Obligations nor shall the taking of any such additional security waive or impair the Lien and security interests herein granted. The Trustee or Beneficiary may resort first to such other security or any part thereof, or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action will not be a waiver of any rights conferred by this Deed of Trust. This Deed of Trust may not be amended, waived or modified except in a written instrument executed by both Trustor and Beneficiary.

6.5 Security Agreement, Financing Statement and Fixture Filing. This Deed of Trust will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, real estate mortgage, or security



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agreement, and from time to time as any one or more thereof if appropriate under applicable state law. **AS A FINANCING STATEMENT, THIS DEED OF TRUST IS INTENDED TO COVER ALL PERSONALTY COLLATERAL. THIS DEED OF TRUST SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO FIXTURE COLLATERAL INCLUDED WITHIN THE MORTGAGED PROPERTY.** This Deed of Trust shall be filed in the real estate records or other appropriate records of the county or counties in the state in which any part of the Realty Collateral and Fixture Collateral is located as well as the Uniform Commercial Code records or other appropriate office of the state in which any Mortgaged Property is located. At Beneficiary's request, Trustor shall execute financing statements covering the Personalty Collateral and Fixture Collateral, which financing statements may be filed in the Uniform Commercial Code records or other appropriate office of the county or state in which any of the Collateral is located or in any other location permitted or required to perfect Beneficiary's security interest under the Uniform Commercial Code. In addition, Trustor hereby irrevocably authorizes Beneficiary and any affiliate, employee or agent thereof, at any time and from time to time, to file in any Uniform Commercial Code jurisdiction any financing statement or document and amendments thereto, without the signature of Trustor where permitted by Law, in order to perfect or maintain the perfection of any security interest granted under this Deed of Trust. A photographic or other reproduction of this Deed of Trust shall be sufficient as a financing statement.

6.6 **Unenforceable or Inapplicable Provisions.** If any term, covenant, condition or provision hereof is invalid, illegal or unenforceable in any respect, the other provisions hereof will remain in full force and effect and will be liberally construed in favor of the Trustee and Beneficiary in order to carry out the provisions hereof.

6.7 **Rights Cumulative.** Each and every right, power and remedy herein given to the Trustee or Beneficiary will be cumulative and not exclusive, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, or Beneficiary, as the case may be, and the exercise, or the beginning of the exercise, of any such right, power or remedy will not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Trustee or by Beneficiary in the exercise of any right, power or remedy will impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

6.8 **Waiver by Beneficiary.** Any and all covenants in this Deed of Trust may from time to time by instrument in writing by Beneficiary and the Required Lenders, be waived to such extent and in such manner as the Trustee or Beneficiary may desire, but no such waiver will ever affect or impair either the Trustee's or Beneficiary's rights hereunder, except to the extent specifically stated in such written instrument.

6.9 **Terms.** The term "Trustor" as used in this Deed of Trust will be construed as singular or plural to correspond with the number of persons executing this Deed of Trust as Trustor. If more than one person executes this Deed of Trust as Trustor, his, her, its, or their duties and liabilities under this Deed of Trust will be joint and several. The terms "Beneficiary", "Trustor", and "Trustee" as used in this Deed of Trust include the heirs, executors or



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administrators, successors, representatives, receiver, trustees and assigns of those parties as provided in Section 6.14 below.

6.10 **Counterparts.** This Deed of Trust may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular counties counterpart portions of Exhibit A hereto which describe Properties situated in counties other than the counties in which such counterpart is to be recorded may have been omitted.

6.11 **Governing Law.** This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.

6.12 **Notice.** All notices required or permitted to be given by Trustor, Beneficiary or the Trustee shall be made in the manner set forth in the Credit Agreement and shall be addressed as follows:

| | |
|--------------|---|
| Trustor: | Tesoro Logistics Operations LLC 19100 Ridgewood Parkway San Antonio, Texas 78259 Attention: Brian Randecker Facsimile: 210-745-4673 |
| Beneficiary: | Bank of America, N.A., as Administrative Agent 901 Main Street, 14th Floor Dallas, Texas 75202 Attention: Alan Tapley Facsimile: 214-290-9507 |
| Trustee: | First American Title Insurance Company 818 Stewart Street, Suite 800 Seattle, Washington 98101 Attention: Donna Koerber Facsimile: 866-678-0593 |

Any notices to be given to Trustee shall also be delivered to Beneficiary.

6.13 **Condemnation.** Subject to the provisions of the Credit Agreement and any express exceptions contained therein, all awards and payments heretofore and hereafter made for the taking of or injury to the Mortgaged Property or any portion thereof whether such taking or injury be done under the power of eminent domain or otherwise, are hereby assigned, and shall be paid to Beneficiary. Beneficiary is hereby authorized to collect and receive the proceeds of such awards and payments and to give proper receipts and acquittances therefor. Trustor hereby agrees to make, execute and deliver, upon request, any and all assignments and other instruments sufficient for the purpose of confirming this assignment of the awards and payments to Beneficiary free and clear of any encumbrances of any kind or nature whatsoever. Any such award or payment may, at the option of Beneficiary, be retained and applied by Beneficiary after payment of attorneys' fees, costs and expenses incurred in connection with the collection of such award or payment toward payment of all or a portion of the Secured Obligations, whether or not

the Secured Obligations are then due and payable, or be paid over wholly or in part to Trustor for the purpose of altering, restoring or rebuilding any part of the Mortgaged Property which may have been altered, damaged or destroyed as a result of any such taking, or other injury to the Mortgaged Property.

6.14 Successors and Assigns.

(a) This Deed of Trust is binding upon Trustor, Trustor's successors and assigns, and shall inure to the benefit of each Credit Party (other than Hedge Banks and Cash Management Banks), and each of its successors, transferees, and assigns, and to the benefit of the Hedge Banks and the Cash Management Banks, and each of their respective successors, transferees, and assigns but only to the extent such successor, transferee or assign of a Hedge Bank or a Cash Management Bank is also then a Lender or an Affiliate of a Lender.

(b) Notwithstanding anything to the contrary contained herein, (i) when any Hedge Bank assigns or otherwise transfers any interest held by it under any Secured Hedge Agreement to any other Person or (ii) when any Cash Management Bank assigns or otherwise transfers any interest held by it under any Secured Cash Management Agreement to any other Person, in each case, that other Person shall thereupon become vested with all the benefits held by such Credit Party under this Deed of Trust only if such Person is also then a Lender or an Affiliate of a Lender.

6.15 Article and Section Headings. The article and section headings in this Deed of Trust are inserted for convenience of reference and shall not be considered a part of this Deed of Trust or used in its interpretation.

6.16 Usury Not Intended. It is the intent of Trustor and Beneficiary in the execution and performance of this Deed of Trust, the Credit Agreement and the other Loan Documents to contract in strict compliance with applicable usury laws governing the Secured Obligations including such applicable usury laws of the State of New York, the State of Washington and the United States of America as are from time-to-time in effect. In furtherance thereof, Beneficiary and Trustor stipulate and agree that none of the terms and provisions contained in this Deed of Trust, the Credit Agreement or the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the maximum non-usurious rate permitted by applicable law and that for purposes hereof "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Deed of Trust, the Credit Agreement and the other Loan Documents; and in the event that, notwithstanding the foregoing, under any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Secured Obligations, include amounts which by applicable law are deemed interest which would exceed the maximum non-usurious rate permitted by applicable law, then such excess shall be deemed to be a mistake and Beneficiary shall credit the same on the principal of the Secured Obligations (or if the Secured Obligations shall have been paid in full, refund said excess to Trustor). In the event that the maturity of the Secured Obligations is accelerated by reason of any election of Beneficiary resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the



maximum non-usurious rate permitted by applicable law and excess interest, if any, provided for in this Deed of Trust, the Credit Agreement or other Loan Documents shall be canceled automatically as of the date of such acceleration and prepayment and, if theretofore paid, shall be credited on the Secured Obligations or, if the Secured Obligations shall have been paid in full, refunded to Trustor. In determining whether or not the interest paid or payable under any specific contingencies exceeds the maximum non-usurious rate permitted by applicable law, Trustor and Beneficiary shall to the maximum extent permitted under applicable law amortize, prorate, allocate and spread in equal part during the period of the full stated term of the Secured Obligations, all amounts considered to be interest under applicable law of any kind contracted for, charged, received or reserved in connection with the Secured Obligation.

6.17 **No Offsets, Etc.** Trustor hereby represents, warrants and covenants to Beneficiary and the Trustee that there are no offsets, counterclaims or defenses at law or in equity against this Deed of Trust or the indebtedness secured thereby.

6.18 **Bankruptcy Limitation.** Notwithstanding anything contained herein to the contrary, it is the intention of Trustor, Beneficiary and the other Credit Parties that the amount of the Secured Obligations secured by Trustor's interests in any of its Property shall be in, but not in excess of, the maximum amount permitted by fraudulent conveyance, fraudulent transfer and other similar Law of any Governmental Authority applicable to Trustor. Accordingly, notwithstanding anything to the contrary contained in this Deed of Trust in any other agreement or instrument executed in connection with the payment of any of the Secured Obligations, the amount of the Secured Obligations secured by Trustor's interests in any of its Property pursuant to this Deed of Trust shall be limited to an aggregate amount equal to the largest amount that would not render Trustor's obligations hereunder or the Liens and security interest granted to Beneficiary hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of any other applicable Law.

6.19 **Express Negligence Rule.** The indemnification, release and assumption provisions provided for in this Deed of Trust shall be applicable whether or not the losses, costs, expenses and damages in question arose solely or in part from the gross, active, passive, or concurrent negligence, strict liability or other fault of any indemnified party. Each of parties hereto acknowledges that this statement complies with the express negligence rule and is conspicuous.

6.20 **Time of the Essence.** Time is of the essence in the performance of each and every obligation under this Deed of Trust.

6.21 **Financing Statement and Utility Security Instrument Filings.** This Deed of Trust may be filed as provided in Chapter 9a of the UCC, to assure that the security interests granted by this Deed of Trust are perfected. In this connection, this instrument will be presented to a filing officer under the UCC to be filed in the real estate records and other appropriate records as a financing statement covering fixtures.

[SIGNATURE PAGES FOLLOW]



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WASHINGTON NOTICE:

ORAL AGREEMENTS AND ORAL COMMITMENTS TO LOAN MONEY, TO
EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING PAYMENT OF A DEBT
ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

EXECUTED as of January 2, 2013.

TRUSTOR:

TESORO LOGISTICS OPERATIONS LLC, a
Delaware limited liability company

By: **TESORO LOGISTICS LP**, its sole member

By: **TESORO LOGISTICS GP, LLC**, its general partner

By: _____

Tracy Jackson
Vice President and Treasurer

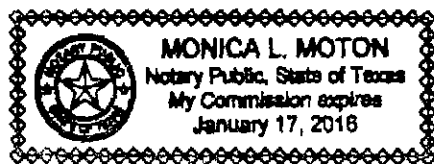
THE STATE OF TX §
COUNTY OF Bexar §
§

The foregoing instrument was acknowledged before me this January 2,
2013, by Tracy Jackson, the Vice President and Treasurer of TESORO LOGISTICS GP, LLC,
the general partner of TESORO LOGISTICS LP, the sole member of TESORO LOGISTICS
OPERATIONS LLC, a Delaware limited liability company, on behalf of said limited liability
company.

Given under my hand and official seal this January 2, 2013.

Monica L. Moton
Notary Public in and for
the State of TX

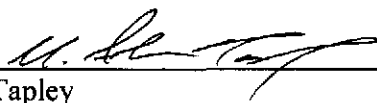
[NOTARIAL SEAL]



EXECUTED as of January 2, 2013.

BENEFICIARY:


BANK OF AMERICA, N.A.,
as Administrative Agent

By: 
Alan Tapley
Assistant Vice President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me this January 2, 2013, by Alan Tapley, the Assistant Vice President of BANK OF AMERICA, N.A., a national association, on behalf of said national association.

Given under my hand and official seal this January 2, 2013.


Notary Public in and for
the State of TEXAS

[NOTARIAL SEAL]

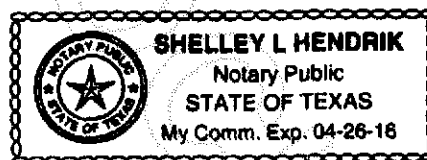


EXHIBIT A

DESCRIPTION OF REALTY COLLATERAL

A PORTION OF SECTIONS 28, 29 AND 32, ALL IN TOWNSHIP 35 NORTH, RANGE 2 EAST, W.M., IN SKAGIT COUNTY, WASHINGTON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT MONUMENT 30 PER SHELL SURVEY CONTROL POINTS MAP NO. 40RA-100, DATED FEBRUARY 26, 1964, LOCATED AT THE INTERSECTION OF "G" STREET AND 8TH STREET;

THENCE SOUTH, ALONG SAID "G" STREET, A DISTANCE OF 1999.69 FEET AS DEPICTED ON THAT CERTAIN RECORD OF SURVEY RECORDED UNDER AUDITOR'S FILE NUMBER 200101080077, RECORDS OF SKAGIT COUNTY, WASHINGTON, TO MONUMENT 26 OF SAID CONTROL POINTS MAP, LOCATED AT THE INTERSECTION OF "G" STREET AND 11TH STREET; THENCE SOUTH 49°12'55" WEST A DISTANCE OF 3276.59 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 27°41'18" WEST A DISTANCE OF 142.50 FEET;

THENCE NORTH 02°43'48" WEST A DISTANCE OF 142.35 FEET;

THENCE NORTH 08°13'26" WEST A DISTANCE OF 62.72 FEET;

THENCE SOUTH 87°53'37" WEST A DISTANCE OF 351.62 FEET;

THENCE NORTH 07°57'53" WEST A DISTANCE OF 588.00 FEET;

THENCE NORTH 12°40'21" WEST A DISTANCE OF 419.68 FEET;

THENCE NORTH 10°51'23" WEST A DISTANCE OF 42.59 FEET;

THENCE NORTH 12°46'03" WEST A DISTANCE OF 343.75 FEET;

THENCE NORTH 14°57'04" WEST A DISTANCE OF 399.03 FEET;

THENCE NORTH 15°29'32" WEST A DISTANCE OF 376.45 FEET;

THENCE NORTH 15°04'14" WEST A DISTANCE OF 383.67 FEET;

THENCE NORTH 15°24'26" WEST A DISTANCE OF 433.60 FEET;

THENCE NORTH 10°49'17" WEST A DISTANCE OF 42.44 FEET;

THENCE NORTH 89°49'13" WEST A DISTANCE OF 43.25 FEET;



THENCE NORTH 08°33'55" WEST A DISTANCE OF 66.61 FEET;
THENCE NORTH 06°42'39" WEST A DISTANCE OF 34.17 FEET;
THENCE NORTH 03°56'14" WEST A DISTANCE OF 39.28 FEET;
THENCE NORTH 00°03'22" EAST A DISTANCE OF 77.09 FEET;
THENCE NORTH 07°43'23" EAST A DISTANCE OF 827.07 FEET;
THENCE NORTH 46°53'42" EAST A DISTANCE OF 195.68 FEET;
THENCE NORTH 87°11'02" EAST A DISTANCE OF 32.81 FEET;
THENCE SOUTH 45°23'07" EAST A DISTANCE OF 14.46 FEET;
THENCE SOUTH 10°54'22" EAST A DISTANCE OF 8.04 FEET;
THENCE SOUTH 89°49'30" EAST A DISTANCE OF 24.22 FEET;
THENCE NORTH 15°02'02" EAST A DISTANCE OF 7.74 FEET TO THE
BEGINNING OF A 55.00 FOOT RADIUS TANGENT CURVE TO THE RIGHT;
THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE
OF 30°17'53" AND AN ARC DISTANCE OF 29.08 FEET;
THENCE NORTH 45°22'45" EAST A DISTANCE OF 199.32 FEET;
THENCE NORTH 52°24'28" EAST A DISTANCE OF 22.71 FEET;
THENCE SOUTH 66°00'31" EAST A DISTANCE OF 18.24 FEET;
THENCE NORTH 17°12'18" EAST A DISTANCE OF 38.30 FEET;
THENCE NORTH 68°07'36" EAST A DISTANCE OF 22.10 FEET;
THENCE NORTH 35°32'57" EAST A DISTANCE OF 148.86 FEET TO THE
BEGINNING OF A 95.00 FOOT RADIUS TANGENT CURVE TO THE LEFT;
THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE
OF 21°55'06" AND AN ARC DISTANCE OF 36.34 FEET;
THENCE NORTH 13°37'51" EAST A DISTANCE OF 3.31 FEET;
THENCE NORTH 87°51'28" EAST A DISTANCE OF 7.74 FEET;
THENCE NORTH 44°37'36" EAST A DISTANCE OF 8.19 FEET;
THENCE NORTH 00°47'17" EAST A DISTANCE OF 18.74 FEET;



THENCE NORTH 62°02'53" EAST A DISTANCE OF 12.30 FEET;

THENCE NORTH 30°31'05" EAST A DISTANCE OF 221.44 FEET TO THE BEGINNING OF A 1170.00 FOOT TANGENT RADIUS CURVE TO THE LEFT;

THENCE NORTHEASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 6°52'19" AND AN ARC DISTANCE OF 140.33 FEET;

THENCE NORTH 23°38'46" EAST A DISTANCE OF 77.07 FEET;

THENCE NORTH 23°51'48" EAST A DISTANCE OF 142.95 FEET;

THENCE NORTH 22°27'24" EAST A DISTANCE OF 630.86 FEET;

THENCE SOUTH 67°32'23" EAST A DISTANCE OF 8.55 FEET;

THENCE NORTH 22°27'37" EAST A DISTANCE OF 115.57 FEET TO THE BEGINNING OF A 613.11 FOOT RADIUS TANGENT CURVE TO THE RIGHT;

THENCE NORTHEASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 54°39'15" AND AN ARC DISTANCE OF 584.85 FEET;

THENCE NORTH 12°53'08" WEST A DISTANCE OF 1.21 FEET TO THE BEGINNING OF A 575.00 FOOT RADIUS NON-TANGENT CURVE TO THE RIGHT WITH A RADIUS POINT WHICH BEARS SOUTH 11°43'18" EAST;

THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°41'21" AND AN ARC DISTANCE OF 117.31 FEET;

THENCE NORTH 89°58'03" EAST A DISTANCE OF 258.33 FEET;

THENCE SOUTH 02°03'47" WEST A DISTANCE OF 29.39 FEET;

THENCE SOUTH 89°51'49" WEST A DISTANCE OF 266.22 FEET TO THE BEGINNING OF A 360.00 FOOT RADIUS TANGENT CURVE TO THE LEFT;

THENCE WESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°37'04" AND AN ARC DISTANCE OF 73.00 FEET;

THENCE SOUTH 78°14'45" WEST A DISTANCE OF 38.85 FEET;

THENCE SOUTH 81°21'39" WEST A DISTANCE OF 10.12 FEET;

THENCE SOUTH 66°50'45" WEST A DISTANCE OF 10.13 FEET;

THENCE SOUTH 74°15'36" WEST A DISTANCE OF 10.77 FEET TO THE BEGINNING OF A 500.00 FOOT RADIUS TANGENT CURVE TO THE LEFT;



THENCE SOUTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°27'19" AND AN ARC DISTANCE OF 143.60 FEET;

THENCE SOUTH 57°48'17" WEST A DISTANCE OF 70.59 FEET;

THENCE SOUTH 53°33'20" WEST A DISTANCE OF 42.75 FEET;

THENCE SOUTH 46°59'00" WEST A DISTANCE OF 49.34 FEET;

THENCE SOUTH 40°13'36" WEST A DISTANCE OF 58.51 FEET;

THENCE SOUTH 24°16'16" WEST A DISTANCE OF 30.70 FEET;

THENCE SOUTH 03°18'21" WEST A DISTANCE OF 9.16 FEET;

THENCE NORTH 84°12'06" WEST A DISTANCE OF 7.88 FEET;

THENCE SOUTH 27°39'18" WEST A DISTANCE OF 86.24 FEET;

THENCE SOUTH 23°39'41" WEST A DISTANCE OF 86.65 FEET;

THENCE SOUTH 49°07'35" EAST A DISTANCE OF 20.60 FEET;

THENCE SOUTH 10°58'36" WEST A DISTANCE OF 25.06 FEET TO THE BEGINNING OF A 90.61 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT WITH A RADIUS POINT WHICH BEARS SOUTH 28°06'27" EAST;

THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 42°46'00" AND AN ARC DISTANCE OF 67.63 FEET; TO THE BEGINNING OF A NON-TANGENTIAL LINE;

THENCE SOUTH 19°03'25" WEST A DISTANCE OF 7.00 FEET;

THENCE NORTH 76°26'03" WEST A DISTANCE OF 6.50 FEET;

THENCE SOUTH 22°31'21" WEST A DISTANCE OF 910.40 FEET;

THENCE SOUTH 28°03'12" WEST A DISTANCE OF 236.70 FEET;

THENCE SOUTH 25°43'25" WEST A DISTANCE OF 73.64 FEET;

THENCE SOUTH 29°07'30" WEST A DISTANCE OF 91.66 FEET;

THENCE SOUTH 38°40'22" WEST A DISTANCE OF 146.12 FEET;

THENCE SOUTH 13°12'30" WEST A DISTANCE OF 58.97 FEET;

THENCE SOUTH 62°09'25" WEST A DISTANCE OF 49.52 FEET;



THENCE SOUTH 42°50'55" WEST A DISTANCE OF 30.10 FEET;
 THENCE SOUTH 24°05'46" WEST A DISTANCE OF 89.90 FEET;
 THENCE SOUTH 11°34'27" WEST A DISTANCE OF 165.26 FEET;
 THENCE NORTH 89°53'59" WEST A DISTANCE OF 9.89 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 22.87 FEET;
 THENCE SOUTH 89°53'59" EAST A DISTANCE OF 9.79 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 188.41 FEET;
 THENCE NORTH 89°53'59" WEST A DISTANCE OF 9.94 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 23.36 FEET;
 THENCE SOUTH 89°53'59" EAST A DISTANCE OF 9.94 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 215.61 FEET;
 THENCE NORTH 89°53'59" WEST A DISTANCE OF 9.51 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 23.35 FEET;
 THENCE SOUTH 89°53'59" EAST A DISTANCE OF 4.66 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 175.70 FEET;
 THENCE NORTH 89°53'59" WEST A DISTANCE OF 4.45 FEET;
 THENCE SOUTH 00°06'01" WEST A DISTANCE OF 32.76 FEET;
 THENCE SOUTH 89°53'59" EAST A DISTANCE OF 9.56 FEET;
 THENCE SOUTH 00°06'29" EAST A DISTANCE OF 268.66 FEET;
 THENCE SOUTH 89°06'33" EAST A DISTANCE OF 64.79 FEET;
 THENCE SOUTH 01°22'30" EAST A DISTANCE OF 352.96 FEET TO THE
 BEGINNING OF A 560.00 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT
 WITH A RADIUS POINT WHICH BEARS SOUTH 82°58'57" EAST;
 THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE
 OF 32°25'38" AND AN ARC DISTANCE OF 316.94 FEET;
 THENCE SOUTH 19°11'45" EAST A DISTANCE OF 319.42 FEET;



THENCE SOUTH 17°53'32" EAST A DISTANCE OF 140.54 FEET;

THENCE SOUTH 13°49'16" EAST A DISTANCE OF 96.00 FEET;

THENCE SOUTH 16°38'49" EAST A DISTANCE OF 159.08 FEET;

THENCE SOUTH 17°56'53" EAST A DISTANCE OF 145.44 FEET;

THENCE SOUTH 23°04'05" EAST A DISTANCE OF 132.54 FEET;

THENCE SOUTH 17°37'05" EAST A DISTANCE OF 297.68 FEET;

THENCE SOUTH 16°17'47" EAST A DISTANCE OF 147.08 FEET TO THE BEGINNING OF A 2094.73 FOOT RADIUS NON-TANGENT CURVE TO THE RIGHT WITH A RADIUS POINT WHICH BEARS SOUTH 70°28'19" WEST;

THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 8°06'59" AND AN ARC DISTANCE OF 296.74 FEET;

THENCE SOUTH 10°43'16" EAST A DISTANCE OF 68.77 FEET TO THE BEGINNING OF A 37.00 FOOT RADIUS NON-TANGENT CURVE TO THE RIGHT WITH A RADIUS POINT WHICH BEARS SOUTH 66°22'40" WEST;

THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 49°12'54" AND AN ARC DISTANCE OF 31.78 FEET;

THENCE SOUTH 03°09'27" EAST A DISTANCE OF 49.90 FEET;

THENCE SOUTH 11°37'14" EAST A DISTANCE OF 250.61 FEET TO THE BEGINNING OF A 1340.00 FOOT RADIUS TANGENT CURVE TO THE RIGHT;

THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 9°26'37" AND AN ARC DISTANCE OF 220.86 FEET;

THENCE SOUTH 02°10'37" EAST A DISTANCE OF 160.11 FEET;

THENCE SOUTH 04°24'30" EAST A DISTANCE OF 176.30 FEET TO THE POINT OF BEGINNING.



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EXHIBIT B

PERMITTED ENCUMBRANCES

1. Said lands have been reclassified for tax purposes, notice of which is given by instrument as herein set forth. They will be subject to further taxation and interest thereupon as provided by Chapter 84.33 and 84.34 R.C.W. upon withdrawal from such classification or change in use.

Reclassified As: Farm and Agricultural

Recorded: January 7, 2009

Auditor's No.: 200901070021

2. General and special taxes and assessments for the year 2013 and subsequent years, a lien not yet due or payable.
3. Right of the general public to the unrestricted use of all the waters of a navigable body of water, not only for the primary purposes of navigation, but also for corollary purposes, including (but not limited to) fishing, boating, bathing, swimming, water skiing and other related recreational purposes, as those waters may affect the tidelands, shorelands, or adjoining uplands, and whether the level of the water has been raised naturally or artificially to a maintained or fluctuating level, all as further defined by the decisional law of this state. (Affects all of the premises subject to such submergence.)
4. Any question of the location of lateral boundaries and the seaward boundaries of the second class tidelands/shorelands described herein.
5. Reservations contained in deed from the State of Washington recorded under Auditor's File Nos. 91418, 91871, 112958 and 108593, reserving to the grantor all oil, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working the same and providing that such rights shall not be exercised until provision has been made for full payment of all damages sustained by reason of such entry.
6. Right of the State of Washington or its successors, subject to payment of compensation therefore, to acquire rights of way for private railroads, skid road, flumes, canals, water courses or other easements for transporting and moving timber, stone, minerals and other products from this and other property, as reserved in Deeds recorded under Auditor's File Nos. 91418, 91871, 112958 and 108593.
7. Easement, including terms and provisions thereof:

Grantee: Puget Sound Power & Light Company

Dated: March 18, 1965

Recorded: April 16, 1965

Auditor's No. 664968

Purpose: Right to construct, operate, maintain, repair, replace and enlarge one or more electric transmission and/or distribution lines over and/or under the right-of-way



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Area Affected: As described therein

8. Regulatory Notice/Agreement that may include covenants, conditions and restrictions affecting the subject property:

Recorded: November 8, 1982

Auditor's No.: 8211080043

Regarding: Shoreline Variance Permit No. 30-81

Reference is hereby made to the record for the full particulars of said notice/agreement. However, said notice/agreement may have changed or may in the future change without recorded notice. Said notice/agreement may pertain to governmental regulations for building or and use. Said matters are not a matter of title insurance. If such non-title insurance matters are shown, they are shown as a courtesy only, without the expectation that all such matters have been shown.

9. Regulatory Notice/Agreement that may include covenants, conditions and restrictions affecting the subject property:

Recorded: January 11, 1983

Auditor's No.: 8301110018

Regarding: Variance Permit No. V-82-004

Reference is hereby made to the record for the full particulars of said notice/agreement. However, said notice/agreement may have changed or may in the future change without recorded notice. Said notice/agreement may pertain to governmental regulations for building or land use. Said matters are not a matter of title insurance. If such non-title insurance matters are shown, they are shown as a courtesy only, without the expectation that all such matters have been shown.

10. Easement, including terms and provisions thereof:

Grantee: The Texas Company

Dated: August 23, 1957

Recorded: October 3, 1957

Auditor's No. 556824

Purpose: Pipelines

Area Affected: As described therein

11. Regulatory Notice/Agreement that may include covenants, conditions and restrictions affecting the subject property:

Recorded: June 9, 1983

Auditor's No.: 8306090021

Regarding: Shoreline Substantial Development Permit No. 12-83

Affects: As described therein



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Reference is hereby made to the record for the full particulars of said notice/agreement. However, said notice/agreement may have changed or may in the future change without recorded notice. Said notice/agreement may pertain to governmental regulations for building or land use. Said matters are not a matter of title insurance. If such non-title insurance matters are shown, they are shown as a courtesy only, without the expectation that all such matters have been shown.

12. Provisions in the nature of covenants contained in Special Use Permit No. SP-83-016:

Recorded: June 9, 1983

Auditor's No.: 8306090020

Regarding: Special Use Permit No. SP-83-016

Affects: As described therein

13. Terms, provisions and reservations under the Submerged Land Act (43 U.S.C.A. 1301 through 1311) and the rights of the United States of America to regulate commerce, navigation, flood control, fishing and production of power.



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