

# REGENCY TEXAS PIPELINE LLC

## LOCAL PIPELINE TARIFF

CONTAINING RULES AND REGULATIONS  
GOVERNING THE INTRASTATE TRANSPORTATION OF  
CONDENSATE

## GENERAL APPLICATION

This tariff shall apply only to those agreements that specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

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**EFFECTIVE: May 15, 2012**

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ISSUED BY: Keith Crawford  
Vice President, Business Development  
Regency Texas Pipeline LLC  
2001 Bryan Street, Ste. 3700  
Dallas, Texas 75201

COMPILED BY: Deena Jordan  
Director, Regulatory Affairs  
Regency Texas Pipeline LLC  
2001 Bryan Street, Ste. 3700  
Dallas, Texas 75201  
Phone: (214) 840-5812  
Fax: (214) 750-1749  
deena.jordan@regencygas.com

**RULES AND REGULATIONS**

Carrier will receive Condensate for intrastate transportation through its own lines, subject to the following conditions:

**1. Definitions.**

"Agreement" shall mean the agreement entered into between Shipper and Carrier pursuant to Section 3 of this Tariff.

"ASTM" means American Society for Testing Materials.

"Anchor Shipper" means a customer that (a) has entered into an Agreement with Carrier prior to the later of the commencement of construction of the Carrier's pipeline or May 31, 2011, for a Primary Term of at least twenty (20) years for the transportation of Condensate and (b) has committed under a separate gas gathering agreement with Carrier's affiliate to tender an average of at least 60 Bcf per year of natural gas for gathering during the first ten (10) years of such agreement, (c) has dedicated at least 150,000 acres to Carrier's affiliate under such separate gas gathering agreement, and (d) has dedicated the Condensate from such dedicated acreage to Carrier under an Agreement. Anchor Shipper shall include its successors and assigns.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero gauge pressure.

"Carrier" means Regency Texas Pipeline LLC.

"Annual Throughput Commitment" means the minimum amount of natural gas that Shipper must commit to tender to Carrier or one of its affiliates in any year under one or more separate agreements in order to be eligible for certain rates described in Carrier's Tariff; provided that Shipper has committed to transport all of the Condensate produced from such gas under an Agreement with Carrier.

"Condensate" means hydrocarbons that separate from the natural gas stream and become liquid.

"Delivery Point" means the point at which Carrier re-delivers Condensate to Shipper for downstream transportation.

"Downstream Transporter" shall mean a third party receiving Shipper's condensate at the Delivery Point(s).

"Primary Term" means the initial term of any agreement entered into governed hereby, excluding any Roll-over Terms.

"Receipt Point" means the point at which Condensate is tendered by, or on behalf of, Shipper for transportation by Carrier.

"Roll-over Term" means a term subsequent to the Primary Term set forth in any agreement governed hereby.

"Shipper" as herein used means any party tendering and thereafter actually delivering Condensate, or on whose behalf Condensate is tendered and actually delivered, for transportation by Carrier in accordance with the terms of this tariff and Shipper's Agreement.

"Tender" as herein used means an offer by, or on behalf of, a Shipper of the Carrier of a stated quantity of Condensate for transportation from a specified Receipt Point or Receipt Points to a specified Delivery Point in accordance with these rules and regulations.

"Vapor Pressure" as herein used means Vapor Pressure at 100 degrees Fahrenheit as determined by ASTM Method D-323-90. "Standard Method of Test for Vapor Pressure Products (Reid Method)."

2. **Commodity.** Carrier will transport Condensate as defined in Section 1 hereof, exclusively, and will not accept any other commodity for transportation.
3. **Agreement.** Shipper shall enter into an Agreement with Carrier setting forth additional terms and conditions as mutually agreed by the parties.
4. **Line-fill.** Shipper shall provide in-kind, at Shipper's sole cost and expense, all Condensate needed as line-fill for transport and redelivery of Shipper's Condensate from the Receipt Point(s) to the Delivery Point(s); provided, however, if any of the facilities are utilized to move condensate for more than one Shipper, line-fill required for the facilities will be allocated among Shippers on a pro rata basis. Shipper and Carrier agree to provide to the other Party data in its possession reasonably required to calculate such line-fill. Title to all Condensate provided by Shipper hereunder as line-fill will be retained by Shipper, and, within thirty (30) days after expiration or any earlier termination of the applicable Agreement, Carrier shall return and deliver such line-fill to Shipper at a Delivery Point(s) designated by Shipper.
5. **Quality Specifications.** Carrier shall have the right to reject any Condensate received from a Shipper that (a) does not meet the quality specifications of such Shipper's Downstream Transporter or (b) materially affects the quality of other shipments or causes disadvantage to other Shippers or the Carrier.

To establish a base line for understanding the nature of Condensate being carried in Carrier's facilities, each Shipper, upon request of Carrier, shall provide Carrier with an analysis of the Condensate typically tendered for transportation by such Shipper at each Receipt Point on Carrier's facilities. Each Shipper so providing an analysis is obligated to notify Carrier and provide an updated analysis whenever such Shipper's typical Condensate at any Receipt Point changes. Before any Condensate is accepted for transportation through Carrier's facilities from any producing reservoir or processing plant from which Condensate has not previously been accepted for transportation by Carrier, Carrier may require Shipper tendering such Condensate to give Carrier written notice thereof at least 30 days in advance of such proposed shipment.

6. **Shipments, Maintenance of Identity.** Condensate will be accepted for transportation only on the condition that it may be subject to such changes in gravity or quality while in transit as would result from its mixture with other Condensate in the pipelines or tanks of the Carrier. In this regard, Carrier shall be under no obligation to deliver the identical Condensate received but may make delivery out of common stock or out of Carrier's pipeline stream in each case of substantially like Condensate.
7. **Title.** Carrier shall have the right to reject any Condensate, when tendered for transportation, which may be involved in litigation, or the title to which may be in dispute, or which may be encumbered by lien or charge of any kind, and it may require of Shipper satisfactory evidence of Shipper's perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By tendering Condensate, Shipper warrants and guarantees that Shipper has good title thereto and agrees to hold Carrier harmless from any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by Carrier as to title.

**8. Gauging, Testing and Volume Corrections.** Condensate shipped hereunder by an Anchor Shipper shall be measured by the downstream transporter and the remaining provisions of this Section 6 below shall not apply to Condensate shipped hereunder by an Anchor Shipper. All other Condensate must be measured and tested by representatives of Carrier or by automatic equipment approved by Carrier and subject to this Section 6. Quantities will be determined from correctly compiled tank table or Carrier-approved automatic equipment and adjusted to the temperature of 60 degrees Fahrenheit. Where measurement is made by meter, a further correction will be made for pressure in accordance with A.P.I. (American Condensate Institute) Standard 1101 – Measurement of Condensate Liquid Hydrocarbons by Pipeline Displacement Meters. Deductions will be made for the actual amount of suspended basic sediment, water and other impurities as ascertained by centrifuge or other tests, if other tests are agreed upon. Condensate will not be accepted from pressurized vessels.

Carrier shall deduct a percentage of the volume of all Condensate the gravity of which equals or exceeds 46 degrees API in accordance with the following table:

<u>Degrees API Gravity</u>	<u>Percentage Deduction</u>
20 to 45	None
46 to 54	1
55 to 60	2
61 to 75	3
76 and above	4

**9. Destination Facilities Required.** Carrier will accept Condensate for transportation only to the extent that Shipper has secured transportation for such Condensate downstream of Carrier's facilities.

**10. Receipt Point Facilities Required for Automatic Custody Transfer.** Where a non-Anchor Shipper elects to deliver Condensate to Carrier at a Receipt Point through automatic custody transfer facilities (in lieu of tankage), such Shipper shall furnish the required automatic measuring and sampling facilities, and the design, construction, and calibration of such facilities must be approved by Carrier and any appropriate regulatory body. For all Shippers other than Anchor Shippers, in the event automatic custody transfer is made by meters, Shipper shall also furnish whatever pumping service is necessary to ensure that the Condensate being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

**11. Application of Rates and Charges.** Condensate accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Condensate by Carrier. All charges will be collected on the basis of the net quantities of Condensate delivered to Shipper at the Delivery Point. All net quantities will be determined in the manner provided in Section 6 hereof.

**12. Notice of Arrival, Delivery at Destination.** The obligation of Carrier is to deliver at the Delivery Point the quantity of Condensate to be transported, less deductions, and such delivery may be made upon 24 hours' notice to Shipper, who shall accept and receive said Condensate from Carrier with all possible dispatch into the tanks or receptacles to be provided by Shipper. If Shipper is unable or refuses to receive Condensate as it arrives at the Delivery Point, Carrier reserves the right to make whatever arrangements for disposition of the Condensate it deems appropriate in order to clear its pipeline. Any expenses incurred by Carrier in making such arrangements shall be borne by Shipper.

**13. Apportionment When Tenders Are In Excess of Facilities.** When there shall be tendered to Carrier for transportation more Condensate than can be currently transported, the transportation furnished by Carrier shall be first apportioned among all Anchor Shippers pro rata based on such Anchor Shippers' Annual Throughput Commitment, and then apportioned among other Shippers equitably after Carrier has satisfied all Anchor Shipper(s)' transportation requirements.

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**14. Payment of Transportation and Other Charges.** Shipper shall pay all applicable transportation and other lawful charges accruing on Condensate delivered to and accepted by Carrier for shipment, and if required by Carrier, shall pay or furnish guaranty of payment of same satisfactory to Carrier before acceptance of shipment. Carrier shall have a lien on all Condensate delivered for transportation by Shipper to secure the payment of any and all unpaid transportation and other charges that are due to Carrier from Shipper, and may withhold Condensate from delivery until all unpaid charges shall have been paid.

If such charges remain unpaid 10 days after the date of Carrier's invoice, provided in no event shall payment by Shipper be due sooner than the last day (or the next business day if the last day is a week-end or bank holiday) (the "Payment Date"), such amounts shall from the Payment Date until paid, bear interest calculated at an annual rate equivalent to the lesser of (a) 125% of the prime rate of interest as of the date of delivery charged by Citibank N.A. of New York, New York, on 90 day loans to substantial and responsible commercial borrowers or (b) the maximum lawful rate.

If such charges remain unpaid five days after notice and demand therefore by Carrier and such charges are undisputed, Carrier, or its representatives, shall have the right to (a) sell such Condensate at public auction at the office of Carrier in Dallas, Texas, on any day not a legal holiday, and not less than 48 hours after notice stating the time and place of such sale and the quantity, general description, and location of the Condensate to be sold has been published in a daily newspaper of general circulation published in the city where the sale is to be held, and notice sent by U.S. mail to Shipper and (b) suspend service hereunder without liability to Shipper until all such undisputed amounts are paid in full. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of such sale, Carrier may pay itself all transportation and other lawful charges, and all expenses incident to the sale, and the balance shall be held for whosoever may be lawfully entitled thereto.

- 15. Liability of Carrier.** Unless Carrier otherwise agrees, Carrier shall not be liable for any loss, damage, or delay of Condensate in its possession, except to the extent that liability therefore is imposed on Carrier by law. In case of loss of Condensate for which Carrier is not responsible, Shipper shall bear the loss. Where such loss occurs in a tank containing Condensate which is the property of more than one Shipper, or in a line to a segregated batch of Condensate which is the property of more than one Shipper, each Shipper shall bear the loss in such proportion as its total volume in said tank or batch bears to the total loss.
- 16. Claims, Suits, and Time for Filing.** As a condition precedent to recovery for any claim by Shipper or Carrier, claims must be filed in writing with Carrier or Shipper, as applicable, within two (2) years following the end of the year in which the Condensate is delivered or in case of failure to make delivery then within two (2) years following the end of the year in which Shipper tendered the Condensate for transportation hereunder. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier, or Shipper, as applicable, will not be liable and such claims will not be paid.
- 17. Receipts From Tank Car Facilities or Tank Truck Facilities.** Carrier will not undertake to receive Condensate at Receipt Points from tank car facilities or tank truck facilities.
- 18. Duty of Carrier.** Unless Carrier otherwise agrees, Carrier shall not be required to transport Condensate except with reasonable diligence, considering the quality of Condensate, the distance of transportation, the safety of operation, and other material factors. Carrier shall transport Condensate in accordance with the provisions of this tariff.

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- 19. Application of Rates from and to Unnamed Points.** For a shipment accepted for transportation from any point on Carrier's facilities not named in this tariff, Carrier will apply the rate published from the next more distant Receipt Point specified in the tariff. For a shipment accepted for transportation to any point on Carrier's facilities not named in this tariff, Carrier will apply to such unnamed point the rate published to the next more distant Delivery Point specified in the tariff.
- 20. Diversion.** Change in Delivery Point or routing will be permitted without additional charge, on written request from Shipper, provided any such change is to a Delivery Point for which an applicable tariff rate is in effect and provided that no back-haul is required.
- 21. Additives.** Carrier reserves the right to inject and to approve or reject the injection of corrosion inhibitors, viscosity or pour point suppressants or other such additives in Condensate to be transported; provided the foregoing actions do not detract from and/or otherwise diminish the value of the Condensate to be transported.
- 22. Evidence of Receipts and Deliveries.** Condensate received from or delivered to Shipper (other than an Anchor Shipper) shall, in each instance, be documented by tickets showing volumes, temperatures, basic sediment and water, and any other data essential to the determination of quantity and quality. Unless waived, such tickets shall be jointly signed by representatives of Carrier and Shipper, as appropriate, and shall be conclusive evidence of the Condensate received or of the Condensate delivered, as the case may be. Failure of Shipper to have a representative present shall constitute a waiver, and Shipper shall be bound by the information and data on such tickets.
- 23. Intrasystem Transfers.** Intrasystem transfers will be allowed at a fee of two hundred dollars (\$200.00) to be charged to the transferee. The last party accepting volumes on an intrasystem transfer shall be the shipper of record. Carrier shall not be obligated to recognize any intrasystem transfer and shall incur no liability with respect thereto or for any losses or damages accruing to any party involved in an intrasystem transfer. Any transfer request, if recognized, shall be confirmed by fax in writing by both the transferor and the transferee within forty-eight (48) hours after the transfer request. Such transfer request shall indicate the party to which the transfer is to be made, the amount of Condensate to be transferred, and its location and grade.

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