

# **Southcross NGL Pipeline Ltd. Refugio-Robstown Y-Grade Pipeline**

## **RAILROAD COMMISSION OF TEXAS (RRC) LOCAL PIPELINE TARIFF NO. 1.1**

### **Rules and Regulations Governing the Intrastate Transportation by Pipeline of Natural Gas Liquids**

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Rules and Regulations published herein apply only under tariffs which make specific reference by number to this tariff; such reference will include successive issues hereof. Special rules and regulations published in Section II hereof will take precedence over the rules and regulations published in Section I hereof.

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The matter published herein will have no adverse effect on the quality of the human environment.

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## Section I

### Rules and Regulations

#### Rule 1: Definitions

- "Barrel" means forty-two (42) United States gallons of 231 cubic inches at sixty degrees Fahrenheit (60° F) and equilibrium vapor pressure.
- "Capacity" The quantity of Natural Gas Liquids the Pipeline Segment at issue is capable of transporting under the current operating conditions.
- "Carrier" means Southcross NGL Pipeline, Ltd.
- "Day" means the twenty-four (24) hour consecutive period commencing at 7:00 a.m., Central Time, on one calendar day and ending at 7:00 a.m., Central Time, on the following calendar day.
- "Delivery Point(s)" means those points of destination (to) for the delivery of Natural Gas Liquids as contained in the Rates Tariff.
- "Destination" A point named in the tariff at which point Carrier will deliver Natural Gas Liquids to Shipper or its Consignee after transportation from an origin.
- "Force Majeure" means an event or occurrence beyond the reasonable control of Carrier that interferes with or prevents Carrier's performance of any obligation or condition under this tariff, under a TSA, interconnect agreement, or other agreement affecting Carrier or Carrier's facilities, including but not limited to (i) actions, orders, regulations, or requests of any Governmental Authority having jurisdiction over the pipeline system, Carrier, or this tariff; (ii) insurrections, wars, rebellion, riots, disturbances, sabotage, acts of public enemies, blockades, embargoes, expropriation, condemnation, epidemics, strikes, lockouts or labor disturbances or difficulties (the settlement of strikes, lockouts or labor difficulties being entirely within Carrier's discretion); (iii) weather conditions or anticipated weather conditions and actions of the elements, including, without limitation, fires, explosions, earthquakes, storms, floods, freezing conditions, washouts, lightning, hurricanes, tornadoes, or landslides; (iv) disruptions to, breakages of, or destruction of all or any portion of Carrier-owned or third party-owned machinery, lines of pipe, or facilities relied upon or contributing to provision of transportation service under this tariff, including the inability to obtain electric power, water, fuel, equipment, parts, repairs or other items or services; (v) scheduled maintenance or (vi) fires; explosions; freezing conditions, breakdowns or failure of pipe, plant, machinery or equipment. An event similar to the foregoing that interferes with or prevents Carrier's performance of its obligations shall be deemed an event of Force Majeure.
- "Governmental Authority" means any national, regional, state, local or municipal government or any political subdivision, agency, commission or authority thereof (including maritime authorities, port authority or any quasi-governmental agency) acting within its legal authority.
- "Month" means a period of time commencing at 12:00 a.m., Central Time, on the first Day of a calendar Month and ending at 12:00 a.m., Central Time, on the first Day of the next calendar Month.

"Monthly Volume Commitment"	The volume of Natural Gas Liquids Incentive Shipper agrees to deliver, in the aggregate, each Month, as set forth in its TSA.
"Natural Gas Liquids"	means unfractionated demethanized mix containing primarily natural gasoline, normal butane, isobutane, propane, ethane, and all mixtures thereof conforming to Carrier's specifications.
"Nomination"	means an offer by a Shipper to Carrier of a stated quantity of Natural Gas Liquids to receive transportation service from a specified origin(s) to a specified destination or destinations pursuant to the terms and conditions of this tariff.
"Pipeline"	Carrier's 10" Natural Gas Liquids pipeline which originates near the Receipt Point(s) and extends to the Delivery Point(s).
"Pipeline Segment"	Section of Carrier's Pipeline, the limits of which are defined by two geographically identifiable parts, that, because of the way that section of Carrier's Pipeline is designed and operated, must be treated as a unit for determining Capacity.
"Proration Policy"	means the rules and procedures detailed in Rule 14 as it may be amended from time to time.
"Ratable"	means the delivery of Natural Gas Liquids throughout each Month in daily quantities, on an approximate constant hourly flow, that are approximately equal to the volume of Natural Gas Liquids delivered during the Month divided by the number of Days in that Month.
"Rates Tariff"	means Carrier's RRC Tariff No. 2 or its successor.
"Receipt Point"	means the points of origin (from) for receipt of Natural Gas Liquids from a Shipper into Carrier's facilities. Such initial points are listed on the Rates Tariff.
"Shipper"	means any party who gives notice for and receives transportation service as to its Natural Gas Liquids under the terms and conditions of this tariff.
"Transportation Services Agreement" or "TSA"	is a transportation services agreement made by and between Carrier and a Shipper for the provision of service under this tariff.

## **Rule 2: Natural Gas Liquids Specifications**

Carrier is engaged in the transportation of Natural Gas Liquids and will not accept any other commodity for transportation under this tariff.

Carrier reserves the right to refuse to accept any Natural Gas Liquids for transportation service which do not conform to Carrier's Natural Gas Liquids Specifications (available upon request) or which are not good and merchantable Natural Gas Liquids readily acceptable for transportation service through Carrier's existing facilities and/or which would otherwise adversely affect Carrier's facilities or other Natural Gas Liquids in Carrier's facilities. As a prerequisite to transportation service, Shipper's Natural Gas Liquids must also conform to its nominated Delivery Point specifications.

Shipper may be required to furnish Carrier with a certificate setting forth the specifications of each shipment of Natural Gas Liquids to be transported in Carrier's facilities and Shipper shall be liable for any

contamination or damage to other liquids in Carrier's custody or to Carrier's pipeline or other facilities caused by failure of the Natural Gas Liquids tendered to meet the specifications stated in Shipper's certificate. Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during receipt, and if there is a variance between Shipper's certificate and Carrier's test, the latter shall prevail.

If Carrier determines that Shipper has delivered Natural Gas Liquids that contaminate the common fungible stream, Carrier may treat or otherwise dispose of all contaminated Natural Gas Liquids in any reasonable commercial manner at Shipper's sole expense.

If Natural Gas Liquids received by Carrier does not conform to the Natural Gas Liquids specifications, Carrier reserves the right to bill and Shipper shall pay (i) the costs and expenses incurred to treat or otherwise dispose of all contaminated Natural Gas Liquids including without limitation any penalties or charges incurred by Carrier as a result of such contamination, and (ii) a \$1.00 per Barrel additional payment assessable on all Natural Gas Liquids delivered by Shipper for transportation service under this tariff.

Shipper shall be liable for and shall defend, indemnify and hold Carrier harmless from and against any and all claims, actions, suits, losses, demands, costs and expenses (including attorneys' fees and costs of repairing, inspecting, cleaning, and decontaminating the facilities of Carrier or third parties) of every kind, nature or description resulting from any Natural Gas Liquids that Shipper has delivered into Carrier's facilities.

### **Rule 3: Minimum Nomination and Place of Delivery**

Natural Gas Liquids shall be tendered for transportation service in quantities of not less than five thousand (5,000) Barrels per Day at the Receipt Point.

Natural Gas Liquids shall be delivered by Shipper to the Receipt Point for transportation service under this tariff on a Ratable basis.

### **Rule 4: Storage, Origin, Destination Facilities, and Line Fill**

Carrier does not furnish any terminaling, tankage, or any other form of storage at origins, destinations or at any other location within Carrier's facilities.

Carrier shall accept Natural Gas Liquids only when Shipper has provided necessary equipment and facilities, including storage facilities for receipt of Natural Gas Liquids into Carrier's facilities and delivery of Natural Gas Liquids from Carrier's facilities at pressures and pumping rates required by Carrier. Carrier may require evidence showing that necessary facilities are available for delivering shipments at origin and receiving shipments at destination before any obligation to furnish transportation service shall arise.

Shipper shall supply a pro rata share of Natural Gas Liquids necessary for line fill on the Pipeline ("Line Fill"), to ensure efficient operation of the Pipeline system prior to delivery. Natural Gas Liquids provided by Shipper for this purpose may be withdrawn only after: (1) shipments have ceased and the Shipper has notified Carrier in writing to discontinue shipments in Carrier's system; and (2) Shipper's balances have been reconciled between all shippers and Carrier. Carrier, at its reasonable discretion, may require advance payment of transportation charges on the volumes to be cleared from Carrier's system, and any unpaid accounts receivable, before final delivery will be made. Unless Shipper has not made any required payment, or unless otherwise preventable by Force Majeure or actions of the Shipper, Carrier shall have a reasonable period of time, not to exceed sixty (60) days, from the receipt of Shipper's written notice to Carrier, to complete administrative and operational requirement incidental to Shipper's withdrawal. Shipper will at all times retain title to its Natural Gas Liquids in transit and Carrier will provide a monthly statement to Shipper of Shipper's Natural Gas Liquids used as Line Fill.

### **Rule 5: Title**

Shipper warrants and guarantees that Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto. Carrier's acceptance of Shipper's Natural Gas Liquids for transportation service is not an admission by Carrier that Shipper holds good title thereto and is not a waiver of Shipper's obligation to have good title thereto.

Shipper must obtain Carrier's approval before nominating shipments that are encumbered by any lien, security interest or other form of burden, and Carrier may refuse any such shipment. Shipper shall not cause or permit any lien, security interest or other form of burden be filed or created with respect to Natural Gas Liquids in Carrier's possession.

### **Rule 6: Measurement**

Natural Gas Liquids transported by Carrier will be measured in accordance with the provisions of (i) an applicable TSA, or (ii) the agreement governing the interconnection of Carrier's facilities with those of the operator located upstream of a given Receipt Point and downstream of a given Delivery Point. Shipper and its representatives may be present to witness any provings or tests of meters and measurement facilities.

### **Rule 7: Mixtures**

Carrier may commingle Natural Gas Liquids received from the various Receipt Point(s). Carrier reserves the right at any time to substitute and deliver Natural Gas Liquids of the same specification as the Natural Gas Liquids tendered by Shipper at a Receipt Point.

Natural Gas Liquids will be accepted for transportation service only on the condition that it shall be subject to such changes in characteristics (including component changes), while in transit, as may result from the mixture with other Natural Gas Liquids. Carrier shall be under no obligation to make delivery of the identical Natural Gas Liquids, but may make delivery out of the common stream and Shippers will be required to accept such delivery.

### **Rule 8: Notice of Nominations**

Natural Gas Liquids for shipment through the line of Carrier will be received only on properly executed Nominations from the Shipper showing the Receipt Point at which the Natural Gas Liquids is to be received, the Delivery Point at which the Natural Gas Liquids is to be delivered, and the amount of Natural Gas Liquids to be transported. If Shipper does not furnish such Nomination, Carrier will be under no obligation to accept such Natural Gas Liquids for transportation service.

Any Shipper desiring to nominate Natural Gas Liquids for transportation service shall make such Nomination to Carrier in writing on or before the fifteenth (15th) Day of the Month preceding the Month during which the transportation service is to begin (the "Nomination Period"), on forms which will be supplied by the Carrier upon request. A Shipper may nominate Natural Gas Liquids for transportation service after the Nomination Period has expired at Carrier's sole discretion.

Carrier may refuse to accept Natural Gas Liquids for transportation where Shipper is not in compliance with other provisions of this tariff or where Shipper has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regulating shipments of Natural Gas Liquids.

### **Rule 9: Scheduling Shipments**

Carrier will transport and deliver Natural Gas Liquids with reasonable diligence taking into account the quantity and quality of the Natural Gas Liquids, distance of the transportation service, safety of

operations, and other relevant factors; provided, that unless Carrier is negligent or engages in willful misconduct, Carrier's failure or delay in transporting or delivering Natural Gas Liquids shall not give rise to or impose any liability on Carrier.

#### **Rule 10: Failure to Take Delivery at Destination**

Shipper shall remove Natural Gas Liquids, or cause Natural Gas Liquids to be removed, from Carrier's facilities following transportation thereof to a nominated Delivery Point(s). If Shipper fails to remove Natural Gas Liquids as required by this tariff, Carrier shall have the right, without liability to Shipper, to make such disposition of unremoved Natural Gas Liquids as is necessary for the efficient operation of Carrier's facilities, and Shipper shall pay Carrier all costs and expenses associated with such disposition the same as if Shipper had authorized such, together with any additional costs and damages incurred by Carrier.

In addition to any remedy available to Carrier, including remedies under this Rule 10, Shipper will pay a daily demurrage charge if Shipper fails to remove Natural Gas Liquids from Carrier's facilities and that failure prevents or threatens the movement of succeeding shipments. The daily demurrage charge will be calculated by multiplying the tariff rate in Carrier's Rates Tariff, Base Transportation Rate Applicable to transportation of Natural Gas Liquids, times the daily average of the previous Month's deliveries of the impacted shipments.

#### **Rule 11: Payment of Carrier Rates, Fees and Charges**

Carrier shall assess transportation service and all other rates, fees and charges accruing on Natural Gas Liquids accepted for transportation service at the rate in effect at the date Natural Gas Liquids is received at the Receipt Point(s). Carrier will invoice Shipper for transportation rates, fees, and charges and all other amounts accruing on Natural Gas Liquids accepted in accordance with Carrier's then current payment policies and procedures at the Rates Tariff.

Carrier shall bill Shipper for all transportation rates, fees, and charges and other amounts due based upon volumes received by Carrier from Shipper at a Receipt Point during each Month. Shipper shall pay the amount of such invoice within ten (10) Days from receipt of the invoice.

Shipper hereby assigns and grants to Carrier a continuous and continuing security interest in, and assignment of, all of the following, whether now or hereafter existing or acquired, as collateral security for the prompt and complete payment and performance of the Obligations (as defined below) (herein collectively, "Collateral"): (a) all Natural Gas Liquids accepted by Carrier for transportation service or otherwise, (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents, (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) all proceeds of any of the foregoing property in any form. The foregoing grant and assignment of Collateral secures the following obligations of Shipper (collectively the "Obligations"): (a) all antecedent, current and future transportation service, special, ancillary and other rates, fees or charges arising under or related to this tariff or any TSA; (b) the repayment of any amounts that Carrier may advance or spend for the storage or maintenance and preservation of the Collateral; and (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing Obligations. If any amounts accruing and owed to Carrier under this tariff or a TSA remain unpaid ten (10) Days after final notice and demand therefore, Carrier shall have the right, in addition to and not in limitation of its other rights and remedies, to liquidate and apply the proceeds to the payment of all such charge and Shipper will reimburse Carrier for expenses associated with liquidating the Collateral.

If any amounts owed by Shipper are not paid by the due date stated on the invoice, Carrier shall have the right to assess a finance charge on the entire past due balance until paid in full at the rate equal to the lesser of (i) the prime rate per annum plus three percent (3%), with the prime rate being the then-effective

prime rate of interest published under "Money Rates" by The Wall Street Journal or (ii) the maximum interest rate allowed by law.

If Shipper fails to pay any charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such time as payment is received by Carrier. In addition, Carrier reserves the right to set-off any amounts owing to Carrier against any monies owed by Carrier to Shipper or any of its affiliates under this tariff, a TSA, or under any other agreement, or against any Natural Gas Liquids of Shipper in Carrier's custody. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including reasonable attorneys' fees and costs incurred by Carrier.

Carrier shall have a lien on all Natural Gas Liquids received into Carrier's pipeline. Such lien shall take effect at the point of origin as Natural Gas Liquids are received into Carrier's pipeline or other facilities. Such lien shall secure the payment of any and all charges and fees owed to Carrier by Shipper, including but not limited to penalties, interest and late payment charges, whether or not incurred on the Natural Gas Liquids in Carrier's pipeline or other facilities and whether or not invoiced. Such lien shall be in addition to any and all other rights and remedies Carrier has at law or in equity.

If Carrier determines that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines that assurance of Shipper's performance is not adequately assured or that it is otherwise necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Natural Gas Liquids in Carrier's possession or prior to Carrier's acceptance of Shipper's Natural Gas Liquids: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Carrier. If Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide transportation service pursuant to this tariff until such requirement is fully met.

#### **Rule 12: Claims, Suits and Time for Filing**

Notice of claims for loss or damage must be made in writing to Carrier within nine (9) Months after delivery of the Natural Gas Liquids, or in the case of a failure to make delivery, then within nine (9) Months after delivery of the Natural Gas Liquids to Carrier for shipment.

Suit against Carrier must be instituted within two (2) years and one (1) Day from the Day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice.

Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier shall not be liable therefor.

#### **Rule 13: Liability of Carrier**

While in possession of Natural Gas Liquids nominated to it for shipment, Carrier shall not be liable to Shipper for any delay in delivery, damage thereto, or for any loss of Natural Gas Liquids caused by Force Majeure or by act of default of Shipper, or resulting from any other cause that is not the result of Carrier's negligence or willful misconduct, whether similar or dissimilar to the causes herein enumerated. Any such loss or damage shall be apportioned by Carrier to each shipment of Natural Gas Liquids or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Natural Gas Liquids in the loss, and each Shipper shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss. Carrier shall prepare and submit a statement to Shipper showing the apportionment of any such loss.



Carrier will not be liable for discoloration, contamination, or deterioration of Natural Gas Liquids transported unless such discoloration, contamination, or deterioration of Natural Gas Liquids transported results from the negligence or willful misconduct of Carrier. Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Natural Gas Liquids transported hereunder, and Carrier expressly disclaims any liability for any express or implied warranty for Natural Gas Liquids transported or stored hereunder including any warranties of merchantability or fitness for intended use.

#### **Rule 14: Proration of Capacity**

Carrier will prorate the capacity of its facilities or a portion of its facilities during any Month when it determines, based upon the Nominations properly submitted by Shippers, that the total volume nominated by all Shippers for shipment on Carrier's facilities or portion thereof during that Month exceeds the capacity of Carrier's facilities or portion thereof in accordance with the provisions of the following rules ("Proration Policy").

##### **(A) Definitions**

- (1) "Base Period" is the 12-calendar-month period just preceding the Calculation Month.
- (2) "Base Shipment" for each Shipper is the total deliveries of Natural Gas Liquids to all Destinations on the Pipeline Segment to be prorated for a Shipper during the Base Period.
- (3) "Base Shipment Percentage" for each Shipper shall be a percentage equal to such Shipper's Base Shipment divided by all Regular Shippers' Base Shipments.
- (4) "Regular Shipper" means a Shipper that, with respect to the volumes in question, is not an Incentive Shipper.

##### **(B) Prorating of Capacity**

- (1) When Capacity will be Prorated. Subject to Rule 17, available Capacity shall be allocated among Regular Shippers in proportion to their respective Base Shipment Percentages. In the event that the volume of Natural Gas Liquids that would be allocated to a Shipper on the basis of its Base Shipment Percentage is greater than the volume it nominates, the difference between its volume calculated on the basis of its Base Shipment Percentage and its volume nominated will be reallocated among all other Regular Shippers in proportion to their respective Base Shipment Percentages.
- (2) Allocation of Capacity to Regular Shippers during Force Majeure Event. During a Force Majeure Event, Rules 14(B)(1) will be replaced with this Rule 14(B)(2). After application of Rule 17, any remaining available Capacity shall be made available to Regular Shippers, and shall be allocated based upon the percentage that each such Shipper's most recent nominated monthly volume (preceding such Force Majeure Event) bears to the total of the most recent nominated monthly volumes for all Regular Shippers.
- (3) Basis of Allocation; Notification. When prorating is in effect, Capacity shall be allocated among eligible Shippers on a monthly basis. If prorating is expected to extend to the next calendar month, Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of a portion of Capacity of the amount of its allocation no later than the 25<sup>th</sup> day of the month preceding the month for which the allocation is made.
- (4) Good Faith Nominations. Carrier will accept only good faith Nominations from Shippers, and Carrier shall use whatever reasonable means necessary to determine whether Nominations are made in good faith. Good Faith means the non-contingent ability and

willingness of Shipper to deliver to Carrier at the Receipt Point(s) specified in the Nomination all of the Barrels to be tendered during the month for which the Nomination is made.

- (5) Transfer of Base Shipment Percentage or Allocated Portion of Capacity; Use of Affiliates. Subject to Rule 17, neither a Shipper's Base Shipment Percentage nor volumes allocated to it during a period when prorating is in effect shall be assigned, conveyed, loaned, transferred to, or used in any manner by, another Shipper, and any such attempt to make such an assignment shall be void. However, a Shipper's Base Shipment Percentage or its allocation may be transferred as an incident of the bona fide assignment of a transportation service agreement or a material portion of the assets of a Shipper relating to a transportation service agreement or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A Shipper may not use an affiliated or cooperating entity to increase its Base Shipment Percentage or its allocated portion of Capacity
- (6) Enhancement of Allocation. In no event will an allocation to a Shipper be used in such a manner that will enhance the allocation of another Shipper beyond the allocation that such Shipper would be entitled to under this policy. Carrier may require written assurances from a responsible officer of Shipper regarding its use of its allocated portion of Capacity stating that Shipper has not violated this policy. Notwithstanding the foregoing provisions of this Rule, in the event any Shipper shall, by any device, scheme, or arrangement whatsoever, attempt to transfer all or any part of its allocated portion of Capacity to any other Shipper in violation of this policy, or in the event any Shipper shall attempt to receive and use such portion of Capacity, the portion of Capacity allocated to such Shipper will be reduced, in the next month that is subject to prorating after the date that the violation is discovered, by a volume equal to such attempted transfer.

#### **Rule 15: System Losses**

Shipper is solely responsible for and shall bear the physical and economic impact of all losses attributable to its Natural Gas Liquids; provided that such losses will be capped at one-half of one percent (1/2%) of measured receipts of Shipper's Natural Gas Liquids at the Receipt Point. Losses will be apportioned according to each Shipper's proportionate share of measured receipts.

#### **Rule 16: Connection Policy**

Connections to Carrier's system will only be considered if made by formal written application to Carrier in the form required by Carrier. Acceptance of any request for connection will be subject to compliance with governmental regulations and approval of Carrier.

#### **Rule 17: Volume Commitment Incentive Program**

- (A) Term. All Shippers who execute a TSA with Carrier containing (1) a term of eight (8) years or more and (2) a Daily Volume Commitment of at least five thousand (5,000) barrels of Natural Gas Liquids per day or more, on or prior to June 17, 2015, shall be entitled to the rights and benefits of Carrier's Volume Commitment Incentive Program set forth in this Rule 17. To the extent that Rules 2, 3, 11, 13, 14, or 17(B) of this tariff conflict with a provision of an Incentive Shipper's TSA, the terms of such TSA shall prevail. All capitalized terms used in this Rule 17 and are not defined in this tariff are defined in a Shipper's TSA. Each Shipper participating in the Volume Commitment Incentive Program shall be referred to as an "Incentive Shipper".
- (B) No Prorating of Capacity for Oversubscription. Notwithstanding Rule 14, a tender of Natural Gas Liquids to Carrier by an Incentive Shipper shall not be subject to prorating pursuant to Carrier's Proration Policy except (1) when an event of Force Majeure triggers the application of Subsection (F) below, or (2) when otherwise required by applicable law.

- (C) Effect of Force Majeure. If Carrier is unable to transport all Shipper's daily volumes, due to a Force Majeure Event, each Incentive Shipper shall be allocated that portion of total capacity of the Pipeline Segment that remains available or usable to transport Natural Gas Liquids during the continuation of the Force Majeure event ("Available Capacity"), equal to the lower of: (a) each Incentive Shipper's nominated volume or (b) each Incentive Shipper's Monthly Volume Commitment for such Pipeline Segment; provided, however, if the Available Capacity is insufficient to cover such allocated volumes, then each Incentive Shipper will be allocated a percentage of the Available Capacity equal to:

[Shipper's Monthly Volume Commitment (for such Pipeline Segment)] ÷ [the aggregate of the Monthly Volume Commitments for all Incentive Shippers (for such Pipeline Segment)]

In the event all Incentive Shippers' nominations are able to be scheduled, the remaining Available Capacity, if any, shall be allocated in accordance with Carrier's prorating policy, as stated in Rule 13.

- (D) Purpose and Revisions. The Volume Commitment Incentive Program is an incentive program to encourage long-term volume commitments necessary in order for the Pipeline to be built. Carrier may, in its discretion, add Receipt Points or Delivery Points to the Volume Commitment Incentive Program.
- (E) Assignment. Neither Party may assign the TSA, or any of its rights or obligations thereunder or under the Volume Commitment Incentive Program, without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned, or delayed. However, Shipper may, from time to time, by written document provided to Carrier, designate an agent to act on its behalf, with regard to making nominations or scheduling Natural Gas Liquids for delivery under the TSA. Additionally, Shipper may assign all or part of its rights thereunder, without the prior written consent of the Carrier, to: (i) a designated Third Party Shipper as provided in the TSA, or (ii) Shipper's co-working interest owner(s) but without relieving Shipper of its obligations thereunder. It is further provided that any assignment by either Party without the prior written consent of the other Party (if consent is required) shall not relieve the assignor of its liability under the terms of the TSA and this tariff for any breaches thereof and hereof by its assignee. Any assignment that is made contrary to these provisions shall be *void ab initio*.