

# COPANO NGL SERVICES LLC

## RAILROAD COMMISSION OF TEXAS TARIFF

CONTAINING  
RULES AND REGULATIONS  
GOVERNING  
TRANSPORTATION

of

**NATURAL GAS LIQUIDS**

by

**COPANO NGL SERVICES LLC**

on

**EAST SHERIDAN PIPELINE**

RECEIVED  
R.R.C. OF TEXAS  
JUL 13 2018  
GAS SERVICES DIVISION  
AUSTIN, TEXAS

### GENERAL APPLICATION

Rules and Regulations published herein apply only under tariffs which make specific reference by number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

**UPDATED AND EFFECTIVE: July 1, 2018**

#### Issued by

Jeffrey Allison  
Manager, Regulatory  
Copano NGL Services LLC  
1001 Louisiana St.  
Houston, Texas 77002  
713-369-9269  
Email: Jeffrey\_allison@kindermorgan.com

#### Compiled by

Jeffrey Allison  
Manager, Regulatory  
Copano NGL Services LLC  
1001 Louisiana St.  
Houston, Texas 77002  
713-369-9269  
Email: Jeffrey\_allison@kindermorgan.com

Copano NGL Services, L.P. ("Company") will accept Product (defined below) for transportation by East Sheridan Pipeline (the "Pipeline") from the Receipt Point(s) to the Points of Redelivery identified by this Tariff, subject to the following rules and regulations:

**SECTION 1**  
**RULES AND REGULATIONS OF THE RAILROAD COMMISSION OF TEXAS**  
**(Title 16, Part 1, Chapter 3, Rule §3.71)**

1. All Marketable Oil to be Received for Transportation. By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than two percent (2.0%) of basic sediment, water, or other impurities above a point six (6) inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding three thousand (3,000) Barrels of petroleum in any one Day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported there from by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the commission may require.
2. Basic Sediment, How Determined – Temperature. In determining the amount of sediment, water or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of the sediment, water, or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than ninety degrees Fahrenheit (90°F), except that during the summer, oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper.
3. "Barrel Defined". For the purpose of these sections, a "barrel" of crude petroleum is declared to be forty-two (42) gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit.
4. Oil Involved in Litigation, Etc. – Indemnity Against Loss. When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of shippers an indemnity bond to protect it against all loss.
5. Storage. Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five (5) Days from the date of order of delivery at destination.
6. Identity and Maintenance of Oil. A pipeline may deliver to consignee, either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value.
7. Minimum Quantity to be Received. A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than five hundred (500) Barrels.
8. Gathering Charges. Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation and for delivery.
9. Measuring, Testing and Deductions (reference Special Order No. 20-63, 098, effective June 18, 1973).
  - (A) Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. This shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.
  - (B) As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial

- transporter, by:
- (i) lease automatic custody transfer (LACT) equipment, provided such equipment is installed and operated in accordance with the latest revision of the American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6., or;
  - (ii) any device or method, approved by the commission or its delegate, which yields accurate measurements of crude oil or condensate.
- (C) Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540, American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention of the commission to affect any tax or royalty obligations imposed by the laws of Texas on any producer or shipper of crude oil.
- (D) A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.
10. Delivery and Demurrage. Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon twenty-four (24) hours notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to Item No. 6 of this section, at a rate not exceeding ten thousand (10,000) Barrels per Day of twenty-four (24) hours. Computation of time of storage (as provided for in Item No. 5 of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in Item No. 5 of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first ten (10) Days of one-tenth of one cent (\$0.001) per Barrel; and thereafter at a rate of three-fourths of one cent (\$0.0075) per Barrel, for each Day of twenty-four (24) hours or fractional part thereof.
11. Unpaid Charges, Lien for and Sale to Cover. A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five (5) Days after notice of readiness to delivery, the pipeline may sell the oil at public auction at the general office of the pipeline on any Day not a legal holiday. The date for the sale shall be not less than forty-eight (48) hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.
12. Rates – Beginning on the first July 1<sup>st</sup> following the East Sheridan Pipeline In-Service Date of this Agreement, and on each July 1<sup>st</sup> thereafter, Copano shall escalate the Rates then in effect to reflect the inflationary index most recently promulgated by the Federal Energy Regulatory Commission ("FERC") in accordance with FERC's indexing methodology as specified in Section 342.3 of the FERC regulations; provided that if the index adjustment promulgated by FERC is negative for a year, Copano shall not be required to reduce the Rates. In the event that FERC terminates its indexing methodology and does not adopt a new methodology, Copano shall submit an alternative index to be utilized.
13. Notice of Claim. Notice of claim for loss, damage or delay in connection with the shipment of oil must be made in writing to the pipeline within ninety-one (91) Days after, the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within ninety-one (91) Days after a reasonable time for delivery has elapsed.
14. Telephone – Telegraph Line – Shipper to Use. If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service.
15. Contracts of Transportation. When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received for transportation, the points of the origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.

16. Shipper's Tanks, Etc. – Inspection. When a shipment of oil has been offered for transportation, the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this section.
17. Offers in Excess of Facilities. If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionment.
18. Interchange of Tonnage. Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the Commission finds that a necessity exists for connection, and under such regulations as said Commission may determine in each case.
19. Receipt and Delivery – For Necessary Facilities. Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the Commission finds that a necessity exists therefor and under regulations by the Commission.
20. Reports of Loss from Fires, Lightning and Leakage.
  - (A) Each pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five (5) Barrels escapes. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within thirty (30) Days from the date of the spill or leak.
  - (B) No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This Item s. shall not apply if the loss occurs because of negligence of the pipeline.
  - (C) Common carrier pipelines shall mail (return receipt requested) or hand deliver to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the commission for that particular spill or leak within thirty (30) Days of filing the required reports with the commission. Registration with the Commission by landowners and resident for the purpose of receiving spill or leak reports shall be required every five years, with the renewal registration starting January 1, 1999. If a landowner or resident is not registered with the commission, the common carrier is not required to furnish such reports to the resident or landowner.
21. Printing and posting. Each pipeline shall have paragraphs (1)-(19) of this section printed on its tariff sheets, and shall post the printed sections in a prominent place in its various offices for the inspection of the shipping public. Each pipeline shall post and publish only such rules and regulations as may be adopted by the commission as general rules or such special rules as may be adopted for any particular field.
22. Immediately upon the publication of its tariffs, and each subsequent amendment thereof, each pipeline is requested to file one copy with the commission.
23. Records
  - (A) Each person operating crude oil gathering, transportation, or storage facilities in the state must

maintain daily records of the quantities of all crude oil moved from each oil field in the state, and such records shall also show separately for each field to whom delivery is made, and the quantities so delivered.

- (B) The information contained in the records thus required to be kept must be reported to the commission by the gatherers, transporters, and handlers at such times and in such manner as may be required by the commission.

## SECTION 2 SUPPLEMENTAL RULES AND REGULATIONS

The requirements of Section 2 will be in addition to the requirements of Section 1. In case of discrepancies in the requirements between the Sections, Section 2 will take precedence and govern of Section 1.

### B. DEFINITIONS -

API	American Petroleum Institute
Applicable Law	Any statute, law, ordinance, executive order, rule, or regulation (including a regulation that has been formally promulgated in a rule-making proceeding but, pending final adoption, is in proposed or temporary form having force of law); guideline, or notice having force of law, or approval, permit, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, as in effect from time to time.
Barrel	Forty-two (42) U.S. gallons, each gallon consisting of two hundred thirty-one (231) cubic inches of liquid corrected for temperature to sixty degrees Fahrenheit (60°F) and at the equilibrium vapor pressure of the liquid.
Contract	The Transportation Services agreement executed by Company and Shipper.
Day	A continuous period commencing at 9:00 a.m. local time Houston, Texas on one calendar day and ending at 9:00 a.m. local time Houston, Texas on the following calendar day.
Firm Shipper	A Shipper who has entered into a Contract for firm capacity and has prepaid a reservation fee for that firm capacity.
Force Majeure	Has the meaning ascribed in the Force Majeure provision of this Tariff
Governmental Authority	Any federal, state, foreign, tribal, local, or municipal governmental body; and any governmental, regulatory, or administrative agency, commission, body, agency, instrumentality, or other authority exercising or entitled to exercise any executive, judicial, legislative, administrative, regulatory, or taxing authority or power, including any court or other tribunal.
Historical Quantity	The average monthly volume over the preceding twelve (12) months, at a point on the system.
MAOP	Maximum Allowable Operating Pressure
Non-Firm Shipper	A Shipper who is not a Firm Shipper.
Nomination Deadline	Has the meaning ascribed in the Nominations provision of this

	Tariff.
Person	Any individual, corporation, partnership, limited liability company, other business organization of any kind, association, trust, or governmental entity, agency, or instrumentality.
Point of Redelivery	The location, whether one or more, identified on the Contract for Company's re-delivery of Product to Shipper.
Product	A mixture of liquid hydrocarbons and non-hydrocarbon components that are condensed, absorbed, and/or absorbed from or separated out of natural gas, as further detailed in the relevant Tariff Sheet and also provided in Exhibit C.
Receipt Point	The location, whether one or more, identified on the Contract for Company's receipt of Product from Shipper.
Regulatory Authorities	Any Governmental Authority having regulatory jurisdiction over Company, the Pipeline, or the Transportation Services and any court with jurisdiction over an appeal therefrom.
Tariff Sheet(s)	The tariffs included herein which set forth the rate for each movement on Company facilities subject to this Tariff.
Shipper	Any party who has entered into a Contract with Company for transportation of Product on the Pipeline covered by the Tariff and who gives notice to transport Product under the provisions outlined in this Tariff.
Transportation Services	The receipt, transportation, and redelivery by Company of the Product tendered by Shipper at the Receipt Point in accordance with the terms and conditions of the Contract and this Tariff. .

#### C. SPECIFICATIONS REQUIRED

Except as may be otherwise agreed in writing, Product will be accepted by Company for transportation only if Product is of the same or similar quality and characteristics of other Product being transported on the Pipeline. No Product will be accepted by Company for transportation if, in Company's sole discretion, the transportation of other Product will adversely affect the quality or market value of the Product being transported by Company. More specific Product specifications may be included in the Contract.

#### D. FACILITIES AT RECEIPT POINT AND POINT OF REDELIVERY

Company will provide such facilities at the Receipt Point and Point of Redelivery as it deems necessary for the operation of the Pipeline. Company will not provide tankage or storage facilities or receiving, loading, or unloading facilities at either the Receipt Point or Point of Redelivery. Shipments will be accepted for transportation hereunder only:

- (i) When Shipper has provided facilities satisfactory to Company capable of delivering shipments at the Receipt Point at pressures required by Company, not to exceed Company's MAOP;
- (ii) When Shipper is capable of receiving shipments at the Point of Redelivery by the Pipeline at pressure required by Company; and
- (iii) Other facility requirements may be included in the Contract.

A separate contract and charge(s) may be required of Shipper if Company facilities, other than the Pipeline, are to be used to effectuate receipt from Shipper or delivery to Shipper.

#### E. TENDER OF VOLUMES

Product meeting Company's specification will be accepted for transportation only where the quantity scheduled for each Receipt Point does not exceed the capacity available on the Pipeline at that point. No tenders will be accepted unless Shipper has entered into a Contract for such shipment with Company. Company may, at its discretion, accept shipments of less than five thousand (5,000) Barrels upon Shipper's agreement to pay a rate for that Day equal to the charge for a shipment of five thousand (5,000) Barrels.

#### F. NOMINATIONS

Company will transport volumes tendered without the necessity of nominations unless such nominations become necessary for operations of the Pipeline. If such nominations do become necessary, such nominations should be made in accordance with the following:

Company may require Shipper to submit written nominations for transportation of Product.

If Company requires submission of written nominations, then Shipper shall make a nomination to Company in writing on or before the twenty-fifth (25) Day of the month preceding the month during which the transportation is to begin (the "Nomination Deadline"). Written nominations to the Company are to indicate the Receipt Point and Point of Redelivery for the Product, the consignee, and the amount of Product to be transported. Transportation requests received after the Nomination Deadline will be accepted if Pipeline capacity is available after Company first satisfies requests received on or before the Nomination Deadline. If Pipeline capacity is available for current shipment, Shipper may tender in writing a nomination for transportation after the Nomination Deadline.

Shipper shall establish the ability to meet the minimum tender requirements to the satisfaction of Company before any duty of transportation shall arise. If requested by Company, Shipper shall furnish Company with a schedule of the expected tenders at Receipt Point and withdrawals at the Point of Redelivery setting forth Shipper's best estimate of daily rate of tenders and withdrawals and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation on the part of Company to meet such schedule.

Available Pipeline capacity each month shall be first allocated to Firm Shippers according to their nominations not to exceed the firm capacity reserved by that Firm Shipper. Firm capacity shall be allocated based on seniority of capacity rights. Firm Shippers with the earliest date of contracting for firm capacity shall have a priority over Firm Shippers with a later Contract date. Available capacity will be allocated to the Firm Shipper with the highest priority (earliest contract date) in accordance with its full firm capacity reservation or contract capacity rights before any available capacity will be allocated to a Firm Shipper with a lower priority. If a Firm Shipper nominates more than its reserved capacity, it shall be considered a Non-Firm Shipper as to nominated volumes in excess of that firm capacity. Remaining capacity shall be allocated to Non-Firm Shippers in accordance with their nominations for the month, subject to the following:

- (i) If, on any Day during the month, a Firm Shipper is not utilizing all of its nominated capacity, the Company at its sole discretion may allocate any unused capacity to Non-firm Shippers.
- (ii) A Firm Shipper may by 8:00 A.M. of each Day, give notice to Company of its intent to use up to the total firm capacity for which that firm Shipper has contracted and for which the reservation fee has been paid. Upon such notice, capacity allocated to Non-firm Shippers shall be reduced, if necessary, to make such firm capacity available to the Firm Shipper.
- (iii) If Non-firm Shippers nominate for more total capacity than is available on an interruptible basis, the available interruptible capacity will be prorated in proportion to each Non-firm Shipper's nomination.
- (iv) During periods of proration, capacity will be allocated to each point in the respective proportion of the point's Historical Quantity to the total Historical Quantity of all points connected to the Pipeline. Allocation will be given as an average daily quantity and will be calculated for the calendar month. Allocated capacity that is not used will be prorated among the remaining constrained points.
- (v) Any point that comes on line during periods of allocation will be allocated as if its Historic Quantity is the amount of its nomination.

#### G. ACCEPTANCE FREE FROM LIENS AND CHARGES

Product will be accepted by Company for transportation only when free from all liens and

charges. Shipper shall notify Company when any Product tendered for transportation is involved in litigation or is the subject of disputed ownership or is encumbered by lien or charge of any kind. Company shall have the right to reject any shipment, when offered for transportation, which may be involved in litigation or the title of which may be in dispute or which may be encumbered by lien or charge of any kind, and Company may require of the Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity bond to protect Company against any and all loss.

#### H. MEASUREMENT AND TESTING

- (i) All Product shipments tendered Company for transportation shall be tested, and gauged, by representative of Company or metered prior to, or at the time of receipt from Shipper. On all deliveries, quantities shall be determined in accordance with the API Manual of Petroleum Measurement Standards.
- (ii) All quantities shall be corrected to standard conditions of sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure in accordance with the API Manual of Petroleum Measurement Standards, Chapter 14, Section B. The quantity and quality of Product shall be measured according to the current versions of the applicable standards of API and the American Society for Testing Materials ("ASTM"), if available.
- (iii) Inspection procedures relating to quantity and quality of Product delivered hereunder shall be as set forth herein. Each party shall be entitled to have its representatives present during all loadings, unloadings, tests and measurements involving Product delivered hereunder. When an independent inspector is used, the inspector's determinations of quantity and quality shall be conclusive and binding on both parties, except to the extent that the findings are shown by either party to be erroneous under current standards in effect at the time of the measurement. In the event of such erroneous findings by the original independent inspector, the parties may designate a replacement inspector at any time by mutual agreement, the cost of which shall be shared equally by the parties.
- (iv) Product accepted for transportation under this Tariff shall be delivered to Receipt Point by Shipper and shall conform to the applicable Product specifications. Shipper may be required to furnish Company with a certificate setting forth in detail specifications of each shipment offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Product in Company's custody or to the Pipeline or other facilities caused by failure of the shipment tendered to meet the specifications stated in Shipper's certificate. In the event that any test indicates that the Product offered for transportation does not conform to applicable Product requirements of Company, Shipper agrees, either voluntarily or upon notification by Company, to cease delivery of off-specification Product to Company until such time as it is determined by additional testing that the Product conforms to the applicable requirement.
- (v) If for any reason the custody transfer meters are out of service so that the quantity of material delivered through such meters cannot be ascertained, the quantity of material delivered during the period the meters are out of service will be estimated by Company based upon the best available data, using in order of preference the following methods:
  - a. By using the registration of any check measuring equipment of Company.
  - b. By using any measurement equipment which Company may have in the flowing stream.
  - c. By an independent third party chosen by Company and generally recognized in the industry as competent to perform such estimate.

Company shall have the right to go upon the premises where Shipper's Product is metered and test for quality assurance before delivery to the Pipeline. Company shall have access to any and all such metering and testing equipment for the purpose of making any examination, inspection, or test.

Physical and legal transfer of custody of the Product to Company shall be at the interconnection of Shipper's facilities and Company's facilities.

#### I. IDENTITY OF PRODUCT



Product will be accepted for transportation only on condition same will be commingled with other shippers' Product and subject to changes in gravity, color, quality or characteristics while in transit or as may result from unavoidable contamination and Company will not be obligated to make delivery of the same molecules of Product at the Receipt Point as the molecules received from Shipper for transportation at the Receipt Points. Company may, therefore, make delivery of Product out of common stocks of similar Product on hand at the Point of Redelivery.

J. LIABILITY OF COMPANY

Unless otherwise agreed in the Contract, Company shall not be liable for any loss or damage or delay caused by a Force Majeure event, Applicable Law, or the act or default of Shipper or its consignee, or for any other cause not due to the negligence of the Company whether similar or dissimilar to the causes herein enumerated; and in case of loss from any such causes after Product has been received for transportation and before the same has been delivered to Shipper, Shipper shall bear a loss in such proportion as the amount of his shipment is to all of the Product in the custody of the Company at the time of such loss, and Shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss but in such event the Shipper shall be required to pay charges only on the quantity of Product delivered.

K. CREDIT

Shipper may be required to submit information to determine a satisfactory credit appraisal by Company. To enable Company to conduct such credit appraisal, potential shippers shall submit the information set out in subsections (i) through (iv) below; provided, however, that submission of such material shall not be deemed acceptance of a request for service by Company, which determination shall be made by Company only after submission of the material and information set forth below and a determination by Company that potential shipper is sufficiently creditworthy. Company shall apply consistent evaluation practices on a nondiscriminatory basis to determine creditworthiness.

- (i) Potential shipper must provide (a) a copy of its most recent audited financial statement; (b) a bank reference; and (c) at least three trade references, which indicate that potential shipper's obligations are being paid on a prompt basis. Such documents shall be provided to:

Copano NGL Services LLC  
Attn: Vice President, Commercial Liquids Marketing  
1001 Louisiana St  
Houston, Texas 77002  
Telephone: 713-420-3524

In the event potential shipper cannot provide the information above, then potential shipper shall, if applicable, provide that information for its parent company.

- (ii) Company shall not be required to perform or to continue any Transportation Services on behalf of any potential shipper who is or has become insolvent; who fails to meet payment obligations, or has an unexcused failure to deliver Product for three (3) Days, or who, at Company's request, fails within a reasonable period to demonstrate creditworthiness acceptable to Company. Provided, however, such potential Shipper may receive Transportation Services if it prepays for such service, provides a standby irrevocable letter of credit acceptable to Company, or furnishes an acceptable guarantee by another person or entity which satisfies the credit requirements of Company, in an amount equal to three (3) months or the duration of the potential shipper's bid or Shipper's Contract, whichever is shorter, of charges calculated on a one hundred percent (100%) load factor basis.
- (iii) For purposes herein, the insolvency of a potential shipper or Shipper shall be conclusively demonstrated if a potential shipper or Shipper or any parent entity thereof makes an assignment or any general arrangement for the benefit of creditors; files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the petition of creditors or has such petition filed against it and such proceeding remains undismitted for thirty (30) Days; otherwise becomes bankrupt or insolvent (however evidenced); liquidates a

substantial part of its property or affairs; or is generally unable to pay its debts as they become due.

- (iv) Company may reassess the creditworthiness of and performance by Shipper from time to time; and Shipper shall be required to demonstrate creditworthiness and/or provide adequate assurances of performance throughout the term of the Contract.

A waiver of one or more of these requirements shall not be construed as a waiver of these requirements in general and such requirements may be invoked by Company at any time.

L. CLAIMS, TIME FOR FILING

As a condition precedent to recovery, claims must be filed in writing with Company within ninety (90) Days after delivery of the Product or in case of failure to make delivery, then within thirty (30) Days after a reasonable time has elapsed. Suit shall be instituted against Company only within two (2) years and one (1) Day from the Day that notice is given in writing by Company to the claimant that Company 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 Company will not be liable.

M. REQUEST FOR SERVICE

Separate Contracts in accord with this Tariff and these regulations covering further details will be required of the potential shipper before any duty of transportation shall arise.

N. SERVICES PERFORMED

The rates published in this Tariff cover only the transportation of Product by the Pipeline and include no other services.

O. TRANSPORTATION FEE & LIEN

- (A) Shipper shall pay Company a transportation fee for each Barrel of Product transported by Company on the Pipeline for Shipper in accordance with the Tariff.
- (B) Company shall have a lien on all Product transported on the Pipeline until all charges due under the Tariff and Contract are paid. If the charges remain unpaid for more than ten (10) Days after Shipper receives written notice from Company of Shipper's failure to pay, Company shall have the right to take and sell Shipper's Product to satisfy amounts due and owing. Company may sell Product at public auction at the general land office of Company on any Day not a legal holiday. The date for the sale shall not be less than forty-eight (48) hours after publication of notice in a daily newspaper of general circulation published in the city where the general land office of Company is located. The notice shall give the time and place of the sale and the quantity of Product to be sold. At the sale, Company shall have the right to bid and, if the highest bidder, to become the purchaser. In that case, Company will pay itself the total amount due and owing, including expenses incident to the sale. Any balance remaining shall be held for whomsoever may be lawfully entitled to it. The remedies set forth in this Tariff are in addition to, and not in limitation of, any statutory or common law remedy available to Company pursuant to the laws of the State of Texas.

P. INVOICING AND PAYMENT

- (A) Company will invoice Shipper for the transportation fee no later than the fifth (5<sup>th</sup>) business Day of the month following the transportation month. As applicable, each invoice will be accompanied by a volumetric statement of activity setting out (i) the total quantity of Product received from Shipper at the Receipt Point during the invoiced month, (ii) the total quantity of Product redelivered to Shipper at the Point of Redelivery during the invoiced month, as allocated to Shipper pursuant to the terms of the Tariff, (iii) the differentiation of firm Transportation Service and non-firm Transportation Service, if any, and (iv) any information relating to a correction of previously invoiced amounts.
- (B) Shipper will pay all such invoices in full, without offset, abatement, or reduction except

for manifest error about which Company is notified, within ten (10) Days of the date of invoice. If Shipper in good faith disputes any portion of an invoice, Shipper will (i) explain the basis for the dispute in writing to Company within fifteen (15) Days of the date of the invoice and (ii) without prejudice to Company's claim for payment of the invoiced amount, pay the undisputed amount on or before the due date stated on the invoice with the disputed amount payable upon resolution.

- (C) If Shipper fails to pay any amount due Company when it is due, then the unpaid balance will bear interest from the due date until the date paid at a variable rate ("Variable Rate") equal to the "prime rate" of interest published under "Money Rates" by the Wall Street Journal plus two percent (2%), each change in the Variable Rate to be effective without notice on the effective date of each change in the prime rate, but the Variable Rate will never exceed the maximum non-usurious rate of interest allowed by Applicable Law. If Shipper's failure to pay continues for thirty (30) Days, Company will, in addition to its other remedies, have the right to suspend services under and/or terminate the Contract without prior notice, without prejudice to any and all claims for damages or other rights or remedies available under the Contract, Tariff, or pursuant to Applicable Law, and without liability of any kind or character to Shipper.]

#### Q. DISPOSITION OF SHIPMENTS

In the event that Shipper does not have adequate facilities available to receive or is not capable of receiving any shipment at Point of Redelivery in accordance with Company's schedules, Company may make whatever disposition of such undelivered shipment which is necessary in order to free its Pipeline, including but not limited to storage in Company's storage facilities.

#### R. FORCE MAJEURE

- (i) If Force Majeure renders either party unable (either in whole or in part) to carry out its obligations under the Contract, other than its obligations to make payments due, then the obligations of the party claiming Force Majeure will be suspended during the duration of any inability resulting from Force Majeure. A party claiming Force Majeure will give notice and full particulars of such Force Majeure in writing to the other party as soon as possible. A party's obligations will be suspended as long as the party is impacted by the Force Majeure (which may last longer than the cause of the Force Majeure) but for no longer period. Before either party is entitled to suspend its performance, the party is required to exercise reasonable diligence and incur reasonable cost to prevent or overcome the Force Majeure.
- (ii) "Force Majeure", as employed herein, will include any and all of the following: events beyond the reasonable control of the party claiming Force Majeure, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, terrorism, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, freezes, lightning, earthquakes, fires, storms, hurricanes, floods, high water, washouts or other natural disasters, threat of physical harm or damage resulting in the evacuation or shut down of facilities necessary for the production, delivery, receipt, storage, or use of Product, arrests and restraints of governments and people, civil disturbances, or explosions; breakage or accident to machinery, lines of pipe, or facilities in which the Product is transported, processed, stored, or used; the necessity of testing, or the necessity of repairs or alterations to wells, machinery, facilities; partial or entire failure of wells, lines of pipe, or other facilities in which Product is used; orders of any court or governmental authority or agency having or asserting jurisdiction or the refusal or withdrawal of any necessary order, certificate or permit by any court or governmental authority or agency having or asserting jurisdiction; any acts or omissions (including failure to take, transport, store or deliver Product) of a transporter of Product to or for Company or Shipper; in those instances where either party is required to obtain servitudes, rights-of-way grants, permits, certificates, tariffs, or licenses to enable such party to fulfill its obligations under the Contract, the inability of such party to acquire or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits, certificates, tariffs, or licenses; in those instances where either party is required to furnish materials and supplies, or hire vendors or suppliers, for the purpose of constructing or maintaining facilities or is required to

secure permits or permissions from any governmental agency to enable such party to fulfill its obligations under the Contract, the inability of such party to acquire or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions (including delays caused by third party vendors and suppliers); and any other causes, whether of the kind enumerated above or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome at reasonable cost and after the exercise of reasonable diligence.

- (iii) As used herein, the terms "reasonable control," "reasonable diligence" and "reasonable cost" will not require a party to use extraordinary efforts or incur extraordinary costs to avoid or remedy the Force Majeure event or its effects.
- (iv) Neither party will be entitled to the benefit of Force Majeure to the extent performance is affected by any or all of the following circumstances, except when the enumerated circumstances themselves are caused by the event of Force Majeure:
  - (a) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch (which will not require the use of extraordinary efforts or payment of extraordinary costs);
  - (b) economic hardship, to include, without limitation, Company's ability to sell Transportation Services at a higher or more advantageous fee than the fee provided in the Contract, and Shipper's ability to buy Transportation Services at a lower or more advantageous fee than the fee provided in the Contract;
  - (c) the loss of Shipper's market(s) or Shipper's inability to use or resell Product transported under the Contract; or
  - (d) the loss or failure of Shipper's Product supply or depletion of reserves.
- (v) It is understood and agreed that the settlement of strikes or lockouts will be entirely within the discretion of the party having the difficulty and that the above requirement that any Force Majeure will be remedied with all reasonable dispatch will not require the settlement of strikes or lockouts by acceding to the demands of the opposing person when such course is inadvisable in the discretion of the party having the difficulty.

#### S. IMBALANCE

As between Shipper and Company, the quantity of product delivered the Receipt Point is conclusively deemed to be the quantity of product delivered at the Point of Redelivery. No product imbalance will be carried between Shipper and the Company, and Shipper shall assume all liability for losses and imbalances.

#### T. GOVERNING LAW

**THE INTERPRETATION AND CONSTRUCTION OF THIS TARIFF AND THE CONTRACT AND THE RIGHTS OF THE PARTIES HEREUNDER WILL BE INTERPRETED, CONSTRUED, AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. THE STATE AND FEDERAL COURTS SITUATED IN HARRIS COUNTY, TEXAS SHALL HAVE EXCLUSIVE JURISDICTION TO ADJUDICATE ANY DISPUTE ARISING IN CONNECTION WITH THIS AGREEMENT.**

#### U. WAIVER OF RIGHT TO JURY TRIAL

**TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THIS TARIFF OR THE CONTRACT, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY OF LIABILITY. THIS WAIVER WILL ALSO APPLY TO ANY ACTION SUIT, PROCEEDING, OR COUNTERCLAIM TO WHICH ANY THIRD PARTY BENEFICIARY IS A PARTY.**

# COPANO NGL SERVICES LLC

## APPLYING ON

### Butylene and Butane Products

The rates published in this Tariff are for the transportation of Butylene and Butane products by Company, subject to the rules and regulations published herein.

ORIGIN POINTS:	DESTINATION POINTS:	RATES:
Texas Brine Almeda Storage facility in Harris County, Texas	Texas Brine Almeda Storage facility in Harris County, Texas	\$1.05 per Barrel on First 158,845 Barrels per Month from all Origin Points, and  \$0.42 per Barrel for deliveries in excess of 158,845 Barrels per Month From all Origin Points, and
Shell Deer Park refinery located in Harris County, Texas	Shell Deer Park refinery located in Harris County, Texas	
TPC Ellington Pipeline	TPC Ellington Pipeline	Monthly Reservation Fee of \$75,000

The rates published in this Tariff are for the intrastate transportation of Product by the Pipeline within the State of Texas and are subject to the rules and regulations as shown herein.

### UPDATED AND EFFECTIVE: July 1, 2018

**Issued by**

Jeffrey Allison  
 Manager, Regulatory  
 Copano NGL Services LLC  
 1001 Louisiana St.  
 Houston, Texas 77002  
 713-369-9269  
 Email: [Jeffrey\\_allison@kindermorgan.com](mailto:Jeffrey_allison@kindermorgan.com)

**Compiled by**

Jeffrey Allison  
 Manager, Regulatory  
 Copano NGL Services LLC  
 1001 Louisiana St.  
 Houston, Texas 77002  
 713-369-9269  
 Email: [Jeffrey\\_allison@kindermorgan.com](mailto:Jeffrey_allison@kindermorgan.com)