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Gas Services Department
Railroad Commission of Texas

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EPIC OLEFINS, LP

LOCAL TARIFF

CONTAINING

RULES AND REGULATIONS

APPLYING TO THE TRANSPORTATION OF

ETHYLENE

(AS DEFINED HEREIN)

BY PIPELINE

WITHIN THE STATE OF TEXAS

RULES AND REGULATIONS PUBLISHED HEREIN APPLY ONLY TO TRANSPORTATION THAT BOTH ORIGINATES IN TEXAS AND HAS A FINAL DESTINATION IN TEXAS AND ONLY UNDER TARIFFS MAKING REFERENCE BY NUMBER TO THIS TARIFF, INCLUDING SUPPLEMENTS HERETO AND REISSUES HEREOF. NO TRANSPORTATION IN INTERSTATE OR FOREIGN COMMERCE WILL BE ACCEPTED UNDER THIS TARIFF.

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ISSUED AND COMPILED BY:

A.J. FERRIES
EPIC OLEFINS, LP
18615 TUSCANY STONE, SUITE 300
SAN ANTONIO, TEXAS 78258
PHONE: (210) 920-2268

P-5 OPERATOR ID: 253113
T-4 PERMIT NUMBER: 10072

TABLE OF CONTENTS

ITEM NO. 1. DEFINITIONS	3
ITEM NO. 2. ACCEPTANCE OF PRODUCT; TESTING	8
ITEM NO. 3. MEASUREMENT	9
ITEM NO. 4. FACILITIES AT ORIGIN AND DELIVERY POINTS	9
ITEM NO. 5. PAYMENT PROCEDURES; REMEDIES FOR NONPAYMENT	10
ITEM NO. 6. ADEQUATE ASSURANCES	11
ITEM NO. 7. REJECTION OF PRODUCT SUBJECT TO DISPUTE	12
ITEM NO. 8. IDENTITY OF SHIPMENTS	12
ITEM NO. 9. NOMINATIONS	12
ITEM NO. 10. PIPELINE LOSS ALLOWANCE	13
ITEM NO. 11. LINE FILL	13
ITEM NO. 12. PRORATIONING WHERE NOMINATIONS EXCEED CAPACITY	14
ITEM NO. 13. CURTAILMENTS TO SCHEDULED VOLUMES	14
ITEM NO. 14. THIRD PARTY SHIPPERS	15
ITEM NO. 15. DUTIES OF CARRIER	15
ITEM NO. 16. LIMITATION OF LIABILITY	16
ITEM NO. 17. INDEMNITIES	16
ITEM NO. 18. REMOVAL OF PRODUCT	17
ITEM NO. 19. SCHEDULING OF DELIVERY	17
ITEM NO. 20. TAXES	17
EXHIBIT A. PRORATIONING POLICY	19
EXHIBIT B. PRODUCT SPECIFICATIONS POLICY	21

EPIC OLEFINS, LP, hereinafter called "**Carrier**," will receive Product, as hereinafter defined, for its San Patricio County to Matagorda County ethylene pipeline located in Texas, for transportation under the terms and conditions of service set forth below in this Rules and Regulations Tariff. Throughout these Rules and Regulations, as the context may require, the plural form shall be construed to include the singular, and the singular form shall be construed to include the plural.

ITEM NO. 1. DEFINITIONS

1.1 "**Affiliate**" means any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with another Person. The term "control" (including its derivatives and similar terms) means possessing the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise. Without limiting the foregoing, any Person shall be deemed to be an Affiliate of any specified Person if such Person owns more than fifty percent (50%) of the voting securities of the specified Person, or if the specified Person owns more than fifty percent (50%) of the voting securities of such Person, or if more than fifty percent (50%) of the voting securities of the specified Person and such Person are under common control.

1.2 "**Applicable Law**" means any applicable federal, state, tribal or local law, statute, regulation, code, ordinance, license, permit, compliance requirement, order, writ, injunction, decision, directive, judgment, policy or decree of any Governmental Authority, and any judicial or administrative interpretations thereof, or any agreement, concession or arrangement with any Governmental Authority applicable to either Shipper's or Carrier's rights and obligations under this Tariff, and any amendments or modifications to the foregoing.

1.3 "**ASTM**" means the American Society for Testing Materials.

1.4 "**Business Day**" means any Day other than a Saturday or Sunday that commercial banks in Houston, Texas are open or permitted to be open for business with the public.

1.5 "**Capacity**" means a quantity of Product that the Ethylene Pipeline is capable of transporting in a given time period.

1.6 "**Carrier**" means EPIC Olefins, LP, the owner and operator of the Ethylene Pipeline.

1.7 "**Carrier Parties**" has the meaning set forth in Item 17.1 in these Rules and Regulations.

1.8 "**Common Stream**" means Product that is moved through the Ethylene Pipeline and Ethylene Pipeline facilities and which is or may be commingled or intermixed with Product of like quality and characteristics.

1.9 "**Completion**" or "**Complete**" means when the Ethylene Pipeline, the Origin Point facilities, the Delivery Point facilities, and associated systems and facilities are substantially complete and all permits and approvals from Governmental Authorities have been obtained, such that the Ethylene Pipeline is ready to commence commercial service with respect to the receipt, transportation, handling, and delivery of Shipper's Product.

1.10 "**Consignee**" means the Person to whom a Shipper has ordered the delivery of Product.

1.11 "**Contract Operator**" has the meaning set forth in Item 15 in these Rules and Regulations.

1.12 "**Curtailment**" or "**Curtail**" has the meaning set forth in Item 13 in these Rules and Regulations.

1.13 "**Day**" means a period of twenty-four (24) consecutive Hours commencing at 7:00 A.M., Central Time (whether standard or daylight saving), on a calendar day and ending at 7:00 A.M., Central Time, on the next succeeding calendar day

1.14 "**Deficiency Payment**" means Priority Committed Shipper's Monthly Deficiency Volume multiplied by Shipper's applicable priority transportation rate.

1.15 "**Delivery Point**" means one of the locations defined in Carrier's Rates Tariff for delivery of Product by Carrier to Shipper, and such points which may be added to Carrier's Rates Tariff as delivery points from time to time.

1.16 "**Ethylene**" or "**Product**" means purity ethylene as described in Carrier's Product Specifications Policy in Exhibit B herein.

1.17 "**Ethylene Pipeline**" means EPIC Olefins, LP's San Patricio County to Matagorda County pipeline providing transportation service of Ethylene within the state of Texas.

1.18 "**Force Majeure**" means any cause, whether or not of the type listed herein, not reasonably within the control of either Carrier or Shipper (the Person who is claiming suspension) and which prevents or materially impedes Carrier's or Shipper's performance of its obligations. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, including but not limited to lightning, earthquakes, fires, explosions, tornadoes, hurricanes, floods, storm warnings, landslides, or other weather events that cause disruption, breakage or damage to, or necessitate the precautionary shut-down or operating reduction of, wells, plants, pipelines, gathering systems, loading facilities, refineries, terminals, ports or any portion thereof, or other related facilities; (ii) weather related events affecting an entire geographic region or causing the evacuation thereof, such as low temperatures that cause freezing or failure of wells, lines of pipe, or processing facilities; (iii) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; or (iv) action or inaction of a Governmental Authority, but Force Majeure shall not include: (A) economic hardship, (B) the non-availability of financing or (C) fluctuations in or

low market prices for, or adverse or unfavorable market conditions for, oil, natural gas or other hydrocarbons.

1.19 "**Force Majeure Event**" means an event caused by Force Majeure.

1.20 "**Gallon**" means one (1) United States gallon at sixty (60) degrees Fahrenheit (60°F).

1.21 "**Governmental Authority**" means any federal, state or local government, municipality, city, town or township, commonwealth or any other political subdivision thereof, or any entity exercising any executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, such as the Railroad Commission of Texas or the Federal Energy Regulatory Commission, or any other authority, agency, department, board, commission or instrumentality of the United States, any state of the United States, or any political subdivision thereof, or any court, tribunal or arbitrator(s) of competent jurisdiction, or any governmental, non-governmental self-regulatory, or quasi-governmental regulatory organization, body, agency or authority.

1.22 "**Hour**" means a one twenty-fourth of a civil Day, which is equivalent to sixty (60) minutes.

1.23 "**kPPH**" means thousand Pounds per Hour.

1.24 "**Line Fill**" has the meaning set forth in Item 11.1 of these Rules and Regulations.

1.25 "**Market Value**" shall be calculated as the price for Product on the date of any Product loss or damage multiplied by the Volume of Product lost or damaged, where price shall be the 30 DAY ETHYLENE MONT BELVIEU WEIGHTED AVERAGE as reported or published by PetroChem Wire ("**PCW**") for the Month in which such loss or damage occurred (the "**Published Price**"). If the Published Price is not reported or published by PCW for the date in question, Carrier and Shipper will endeavor to promptly agree upon a fair market value. If the Carrier and Shipper do not agree on a fair market value within five (5) Business Days of the date in question, then the price per Pound shall be determined by taking the average of the following: (i) the Published Price published by PCW for the first Day for which a price or range of prices is published that precedes the Day in question; and (ii) the Published Price published by PCW for the first Day for which a price or range of prices is published that next follows the Day in question.

1.26 "**Maximum Pipeline Capacity**" means the lesser of (a) the maximum design Capacity of three hundred and twenty-five and five tenths (325.5) kPPH of the Ethylene Pipeline or (b) the maximum operational Capacity of the Ethylene Pipeline at a given point in time.

1.27 "**Month**" means a calendar month beginning at 7:00 A.M., Central Time, on the first Day of the calendar month and ending at 7:00 A.M., Central Time, on the first Day of the next succeeding calendar month.

1.28 "**Monthly Deficiency Volume**" means the MVC *minus* actual Monthly Volumes Tendered by Shipper to the Origin Point(s) in any Month where Shipper fails to Tender at least the MVC.

1.29 "**Monthly Volume Commitment**" or "**MVC**" has the meaning set forth in the applicable Shipper agreement(s) containing a monthly volume commitment.

1.30 "**Nomination**" or "**Nominate**" means a written communication (in the form and context specified by Carrier) made by a Shipper to Carrier requesting that Carrier transport for Shipper in a given Month a stated Volume of Shipper's Product from an Origin Point to a Delivery Point.

1.31 "**Origin Point**" means one of the locations defined in Carrier's Rates Tariff for introducing Product into the Ethylene Pipeline, and such points which may be added to Carrier's Rates Tariff as Origin Points from time to time.

1.32 "**PCW**" means what is set forth in Item 1.25 of these Rules and Regulations.

1.33 "**Person**" means any individual, firm, corporation, trust, partnership, limited partnership, master limited partnership, limited liability company, association, joint venture, unincorporated organization or any other legal entity.

1.34 "**Pipeline Loss Allowance**" or "**PLA**" means the actual Volume of Product lost on the Ethylene Pipeline among all Shipper Volumes due to evaporation, measurement, or other losses in transit.

1.35 "**Pound**" means one (1) pound avoirdupois.

1.36 "**Priority Committed Service**" means a class of service that is accorded the highest priority on the Ethylene Pipeline with respect to Prorationing, interruptions, or curtailments.

1.37 "**Priority Committed Shipper**" means a Shipper with a contractual entitlement to ship Product on the Ethylene Pipeline, whose Volumes shipped (up to the applicable Shipper MDQ) receive (a) Priority Committed Service under these Rules and Regulations, and (b) are subject to the applicable priority transportation rate in Carrier's Rates Tariff. Priority Committed Shipper Volumes shipped in excess of the Shipper MDQ are subject to Uncommitted Service at the Uncommitted Transportation Rate. Priority Committed Shippers shall have either Priority Status 1 or Priority Status 2, as set forth in the applicable Shipper agreement.

1.38 "**Priority Status 1**" means the eligibility of a Priority Committed Shipper to instantaneously flow Product Volume at a rate of three hundred and ten (310) kPPH from any Origin Point to any Delivery Point, with such Priority Committed Shipper paying the Priority Status 1 Transportation Rate for Volumes shipped up to the applicable Shipper MDQ.

1.39 "**Priority Status 1 Transportation Rate**" means the priority transportation rate applicable to Priority Status 1 Priority Committed Shipper Volumes, as set forth in Carrier's Rates Tariff.

1.40 "**Priority Status 2**" means the eligibility of a Priority Committed Shipper to flow Product up to a maximum Shipper MDQ of seven million eight hundred and twelve thousand (7,812,000) Pounds per Day from any Origin Point to any Delivery Point, subject at all times to Curtailment to accommodate Priority Status 1 Volumes, with such Priority Committed Shipper paying the Priority Status 2 Transportation Rate for Volumes shipped up to the applicable Shipper MDQ.

1.41 "**Priority Status 2 Transportation Rate**" means the priority transportation rate applicable to Priority Status 2 Priority Committed Shipper Volumes, as set forth in Carrier's Rates Tariff.

1.42 "**Prorationing**" means the process for allocating Capacity where Nominations exceed the Maximum Pipeline Capacity on the Ethylene Pipeline as a whole, or such portion of the Maximum Pipeline Capacity attributable to any specific segment of the Ethylene Pipeline.

1.43 "**Published Price**" means what is set forth in Item 1.25 of these Rules and Regulations.

1.44 "**Railroad Commission of Texas**" means the Governmental Authority with jurisdiction under Texas law over the rates, terms, and conditions of service offered under Carrier's Tariffs. The Railroad Commission of Texas may hereinafter be referred to as the "**Railroad Commission**," the "**Commission**," or the "**RRC**."

1.45 "**Rates Tariff**" means the Tariff in effect at the time a shipment through the Ethylene Pipeline takes place that contains the transportation rate applicable to such shipment, and that incorporates by reference these Rules and Regulations and included Exhibits in this Tariff record.

1.46 "**Rules and Regulations Tariff**" or "**Rules and Regulations**" means this Tariff record and periodic reissues thereof.

1.47 "**Shipper**" means a Priority Committed Shipper or an Uncommitted Shipper.

1.48 "**Shipper Assignee**" has the meaning set forth in Item 14.2.

1.49 "**Shipper History**" means what is set forth in Item 1.6 of Carrier's Prorationing Policy found in Exhibit A herein.

1.50 "**Shipper Maximum Daily Quantity**" or "**Shipper MDQ**" means the maximum Volumes of Ethylene that a Priority Committed Shipper may Nominate in a given Month on the Ethylene Pipeline for Priority Committed Service, as specified in the applicable Shipper agreement.

1.51 "**Shipper Parties**" means what is set forth in Item 17.1 herein.

1.52 "**Tariff(s)**" means Carrier's then effective Rules and Regulations Tariff and Rates Tariff.

1.53 "**Tender**" or "**Tendered**" means a delivery by a Shipper to Carrier of a stated quantity and grade of Product, under a Nomination accepted by Carrier, for transportation in accordance with these Rules and Regulations, at rates specified in Carrier's Rates Tariff.

1.54 "**Third Party Shipper**" has the meaning set forth in Item 14.1.

1.55 "**Uncommitted Service**" means service on the Ethylene Pipeline provided on a walk-up and as available basis *provided* that any and all potential Shippers satisfy all applicable terms and conditions for such service in Carrier's applicable Tariffs *provided further* that such service shall at all times be subject to Curtailment to accommodate Priority Status 1 Volumes.

1.56 "**Uncommitted Shipper**" means any Shipper that is not a Priority Committed Shipper.

1.57 "**Uncommitted Transportation Rate**" has the meaning set forth in Carrier's Rates Tariff.

1.58 "**Volume(s)**" means the amount of Product, delivered to or received from the Ethylene Pipeline at any Origin Point or Delivery Point where custody transfers between Carrier and Shipper that is measured in accordance with these Rules and Regulations.

1.59 "**Year**" means a period of three hundred and sixty-five (365) consecutive Days, except for any year that involves a leap year, which will consist of three hundred and sixty-six (366) consecutive Days.

ITEM NO. 2. ACCEPTANCE OF PRODUCT; TESTING

2.1 Carrier reserves the right to refuse to accept any quantity of Product for transportation service which does not conform to Carrier's Product Specifications found in Exhibit B herein or which is not good and merchantable Product readily acceptable for transportation through Carrier's existing facilities.

2.2 Shipper may be required to furnish to Carrier 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 Carrier's custody or to the Ethylene Pipeline or other facilities caused by failure of the shipment Tendered to meet the specifications stated in Shipper's certificate. Carrier may, but shall not be required to, sample and/or test any shipment prior to acceptance or during receipt of shipment and, in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail. In the event that any test indicates that the Product offered for transportation does not conform to Carrier's Product Specifications in Exhibit B herein, Shipper agrees, either voluntarily or upon notification by Carrier, to cease delivery of off-specification Product to Carrier until such time, as it is determined by additional testing that the Product conforms to the applicable Product definition.

2.3 Physical and legal transfer of custody of Product from Shipper to Carrier shall be at the applicable custody transfer device immediately downstream of the applicable measuring

and metering facilities at the Origin Point. Physical and legal transfer of custody of Product from Carrier to Shipper shall be at the applicable custody transfer device immediately downstream of applicable measuring and metering facilities at the Delivery Point.

2.4 If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Product that has been contaminated by the existence of and/or excess amounts of impure substances, such Shipper will be excluded from further entry into applicable segments of the Ethylene Pipeline system until such time as the quality satisfies the specifications set forth in Carrier's Product Specifications Policy in Exhibit B herein. Further, Carrier reserves the right to dispose of any contaminated Product blocking its Ethylene Pipeline system per the terms and conditions set forth in these Rules and Regulations.

ITEM NO. 3. MEASUREMENT

3.1 Carrier will utilize meters located at Origin Point(s) and Delivery Point(s) whereby the quantities of Product tendered by Shipper to Carrier will be measured and the temperature and pressure of such Product be recorded. The Volume of Product delivered each Day will be determined by reference to Daily readings of such meters. Correction factors and calculations from such meter readings for the purpose of determining Daily quantities of Product delivered will conform with the standard procedures utilized by the owner or operator of such meters in accordance with the latest editions of the American Petroleum Institute Manual of Petroleum Measurement Standards and Gas Processors Associations Standards. 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 Carrier 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 Carrier, (b) by using any measurement equipment which Carrier may have in the flowing stream, or (c) by any independent third party chosen by Carrier and generally recognized in the industry as competent to perform such estimate.

3.2 Carrier shall have the right to go upon the premises where Shipper's Product is metered and tested for quality assurance before delivery to the Ethylene Pipeline. Carrier shall have access to any and all such metering and testing equipment for the purpose of making any examination, inspection, or test, subject to the terms in any applicable pipeline connection agreement.

ITEM NO. 4. FACILITIES AT ORIGIN AND DELIVERY POINTS

4.1 Carrier will provide such facilities at Origin Point and at Delivery Point as it deems necessary for the operation of the Ethylene Pipeline. Carrier will not provide storage facilities or receiving, loading, or unloading facilities at either the Origin Point or the Delivery Point. Shipments will be accepted for transportation hereunder only: (a) when Shipper has provided facilities satisfactory to Carrier capable of delivering shipments at Origin Point at pressures and at pumping rates required by Carrier; and (b) when Shipper is capable of receiving shipments at Delivery Point by the Ethylene Pipeline at pressures and at pumping rates required by Carrier.

4.2 Shipper shall be responsible for providing or arranging sufficient compression or other services to effectuate the entry of Product into the Ethylene Pipeline at an Origin Point and the delivery of Product out of the Ethylene Pipeline at the Delivery Point, subject to the terms of any applicable pipeline connection agreement.

4.3 Carrier is not obligated to transport any Volumes of Ethylene unless Shipper delivers those Volumes into the Common Stream out of which deliveries are made to the Ethylene Pipeline's customers.

4.4 Separate pipeage contracts in accordance with this Tariff and these Rules and Regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise.

ITEM NO. 5. PAYMENT PROCEDURES; REMEDIES FOR NONPAYMENT

5.1 Shipper shall pay all transportation and other fees and lawful charges accruing on Product delivered to and accepted by Carrier for shipment as measured at the Origin Points by the due date stated in Carrier's invoice.

5.2 No later than the fifteenth (15th) Day of each Month, Carrier shall deliver to Shipper a statement for transportation services in the preceding Month setting forth: (a) the Volumes of Shipper's Product transported on the Ethylene Pipeline, (b) the Priority Committed Rate or Uncommitted Transportation Rate, applicable to such Volumes, (c) any adjustments for prior periods, and (d) all other amounts due by Shipper hereunder.

5.3 Carrier's invoices shall include information reasonably sufficient to explain and support any estimates and charges reflected therein, the reconciliation of any estimates made in a prior Month to any actual measurements, and any adjustments to prior period Volumes and quantities. Shipper shall remit to Carrier amounts due by wire transfer by the later of: (a) ten (10) Days after Shipper's receipt of the statement referenced above or (b) the twentieth (20th) Day of each Month, to the bank account specified by Carrier. If such due date is not a Business Day, payment is due on the next Business Day following such date.

5.4 All undisputed amounts owed to Carrier, which are not timely paid to Carrier, shall bear interest from the date due until paid. Such interest will be assessed at a rate equal to: (a) the "prime rate" of interest published by J.P. Morgan, N.A. as publicly announced to be in effect from time to time, such rate to be adjusted automatically, without notice, on the effective date of any change in such rate or (b) the highest rate permitted by Applicable Law, whichever is less, for any invoice or portion of an invoice not paid pursuant to the terms of this Tariff. If any amount is disputed, interest will accrue from the date due until the date paid but will only be due after the dispute is resolved and based on the amount found or agreed to be due. If Shipper disputes any portion of an invoice, Shipper shall promptly notify Carrier in writing (no later than the payment due date) and give reasons, with reasonable detail, for the disputed matters. If Shipper is a Priority Committed Shipper, Carrier and Shipper shall then endeavor to resolve the disputed amount in accordance with the provisions of the applicable Shipper agreement. Any payment due resulting from such dispute resolution shall be due within ten (10) Business Days

following the receipt by Shipper of an amended invoice relating to such resolution. If Shipper is not a Priority Committed Shipper, Carrier and Shipper shall each have the right to pursue claims against the other in a court of competent jurisdiction.

5.5 Carrier shall retain a perfected possessory lien under the Texas Bus. & Comm. Code, Title 1, Chapter 9 (section 9.101, *et seq.*), as applicable, on an amount of a Shipper's Product in Carrier's possession sufficient to secure payment of any and all amounts owed by such Shipper to Carrier.

5.6 In addition to the rates and fees payable under Item 5, Shipper shall convey to Carrier each Month, free of charge, Shipper's allocated share (reconciled each calendar quarter) of its Pipeline Loss Allowance, as determined by Carrier under Item 10 of these Rules and Regulations.

5.7 Minimum Payments for Priority Committed Shippers with MVCs

(a) For the purpose of this Tariff, if a Priority Committed Shipper with an MVC has a Monthly Deficiency Volume then any Deficiency Payment shall be calculated pursuant to Item 5.7(b). Should service under the applicable Shipper agreement not begin on the first Day of a Month or should such agreement's term end on a Day other than the last Day of a Month, the Monthly Deficiency Volume, if any, shall be proportionately adjusted.

(b) If, in a Month, a Priority Committed Shipper with a MVC Tenders less than its MVC for such Month, then, in addition to the applicable Tariff rate corresponding to actual Volumes Tendered for such Month, Shipper shall pay the Deficiency Payment. Any Deficiency Payment due by Shipper hereunder shall be paid in the manner described for the payment of fees and charges as set forth in this Item 5.

ITEM NO. 6. ADEQUATE ASSURANCES

6.1 If Carrier has reasonable grounds for insecurity regarding the ability of Shipper to provide payment, or Shipper's creditworthiness is or becomes unsatisfactory to Carrier, or if Shipper's title to any Shipper's Product is disputed, Carrier may require Shipper to provide adequate assurance of performance. As adequate assurance, Shipper, at its option, may provide either:

(a) an irrevocable stand-by letter of credit from a bank (choice of applicable bank subject to approval by Carrier in its sole discretion) with terms reasonably acceptable to Carrier, and in an amount reasonably acceptable to Carrier within ten (10) Business Days of receiving Carrier's written demand;

(b) a parent guaranty with terms reasonably acceptable to Carrier within ten (10) Business Days of receiving Carrier's written demand; or

(c) prepayment at least five (5) Days prior to the first (1st) Day of each Month of an amount of money reasonably calculated by Carrier to cover all charges or liabilities under the applicable Shipper agreement (if Shipper is a Priority Committed Shipper) likely to be incurred by Shipper during such Month.

6.2 If Carrier requires Shipper to provide adequate assurance, Carrier will provide Shipper with written notice. If Shipper fails to provide the required adequate assurance within the applicable timeframe set forth above, then, until Shipper has satisfied its adequate assurance obligations under this Item, Carrier may suspend service to Shippers without liability to Shipper, upon notice to Shipper. With respect to a Priority Committed Shipper with a MVC, Carrier may declare any Deficiency Payment(s), which are deemed to be considered actual damages, due for all remaining Months in the applicable Shipper agreement's initial term, or additional term(s) following the Month in which Shipper fails to provide the required adequate assurance.

ITEM NO. 7. REJECTION OF PRODUCT SUBJECT TO DISPUTE, LIENS, OR CHARGES; WARRANTY OF TITLE

7.1 Carrier may reject any Product which, when Nominated for transportation, 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 unless Shipper provides documentary evidence of Shipper's unencumbered title or satisfactory indemnity bond to protect Carrier. By Nominating Product, Shipper warrants and guarantees that it owns or controls, has the right to deliver or have delivered for its account, such Product, and agrees to defend, indemnify, and hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense resulting from failure of ownership or control thereto *provided* that acceptance for transportation by Carrier shall not be deemed: (a) a representation by Carrier as to ownership or control or (b) a waiver of Carrier's rights hereunder.

ITEM NO. 8. IDENTITY OF SHIPMENTS

8.1 In view of the impracticability of maintaining the identity of shipments, shipments will not be segregated, but will be commingled and deliveries will be made at Delivery Point from Carrier's Common Stream. Unless otherwise specified, Carrier will not be required to deliver the identical Product received, but shall deliver Product of materially the same quality and specifications as the Product received.

ITEM NO. 9. NOMINATIONS

9.1 Product will be transported by Carrier only under a Nomination accepted by Carrier *provided* that under no circumstance shall Carrier be required to accept the Nomination of any new Shipper if Carrier, in its sole discretion, deems such Shipper's creditworthiness unsatisfactory; but if Carrier deems an existing Shipper's creditworthiness unsatisfactory, then Shipper shall be required to provide adequate assurances of performance to Carrier pursuant to Item 6 of these Rules and Regulations, before Carrier may consider such Nominations. Before Carrier will accept a Nomination from a Shipper, such Shipper must demonstrate to Carrier the adequacy of Shipper's origin and delivery facilities (or arrangements to use such facilities owned

and/or operated by other Persons) as required under this Tariff and provide any other information reasonably requested by Carrier.

9.2 Any Shipper desiring to tender Product for transportation shall make or cause to be made such Nomination to Carrier in writing on or before 4:15 PM Central Time on the last Business Day prior to the twentieth (20th) Day of the Month preceding the Month during which the transportation under the Nomination is to begin *provided, however*, if space is available for current movement subject to the reasonable discretion of Carrier, a Shipper may submit a Nomination after the 4:15 PM Central Time deadline on the Day when Nominations are due.

9.3 Nominations shall be transmitted to Carrier to the attention of Corey Keathley (corey.keathley@epicmid.com) for EPIC Olefins, LP by electronic mail.

9.4 Where a Priority Committed Shipper ships Volumes in excess of its Shipper MDQ, Carrier shall treat such excess quantity as Volumes subject to Uncommitted Service. The rates assessed to such Volumes shall be the rates for Uncommitted Service under Carrier's then effective Rates Tariff.

9.5 The quantity of Product which Carrier may be obligated to accept at any Origin Point from Uncommitted Shippers shall be no less than one million (1,000,000) Pounds delivered over a single Day. Carrier may, in its sole election, accept a lesser quantity Tender upon Uncommitted Shipper's agreement to pay Carrier, for said Day, charges equal to those which would have resulted from transportation of said one million (1,000,000) Pounds at the local rates provided in Carrier's then applicable Rates Tariff.

9.6 Where Nominations exceed available the Maximum Pipeline Capacity, Capacity will be Prorated under the terms of Carrier's Prorating Policy found in Exhibit A herein.

ITEM NO. 10. PIPELINE LOSS ALLOWANCE

10.1 On a Monthly basis each Shipper shall be obligated to provide Carrier with its actual pro rata share of the Pipeline Loss Allowance, the amount of which shall be determined for each Shipper on a calendar quarterly basis as set forth in this Item 10, and shall be subject to any limitations provided in an applicable Shipper agreement.

10.2 Carrier shall account for the Pipeline Loss Allowance on a regular basis and reallocate the pro rata share of the Pipeline Loss Allowance for its Shippers on a calendar quarterly basis. Any gains calculated during such calendar quarterly reconciliation shall be retained by Carrier and applied to offset losses in future periods.

ITEM NO. 11. LINE FILL

11.1 Upon Completion of the Ethylene Pipeline (but in no event earlier than sixty (60) Days prior to the date by which Carrier commences service on the Ethylene Pipeline) Shipper shall provide a pro rata share to Carrier, at no cost to Carrier, of Product necessary for the operation of the Ethylene Pipeline (the "*Line Fill*"). Except as set forth in Item 11.3 below,

Product provided by a Shipper for this purpose may be withdrawn only after: (a) Shipper has notified Carrier in writing to discontinue shipments on the Ethylene Pipeline and its shipments have ceased; (b) Shipper's Line Fill balance(s) have been reconciled between all Shippers and Carrier; and (c) Shipper has settled with Carrier all outstanding invoices and accounts receivable attributable to service on the Ethylene Pipeline.

11.2 Carrier, in its reasonable discretion, may charge a transportation fee (not to exceed the applicable then effective Tariff rate) on Line Fill cleared from the Ethylene Pipeline from a different point than from which Shipper delivered such Line Fill, and may require advanced payment of such transportation charges before final delivery will be made. In the event a Shipper is more than ninety (90) Days deficient in making any payments owed hereunder, Carrier may sell any Line Fill belonging to such Shipper and apply the proceeds of such sale towards such owed amounts and remit the excess of any proceeds (if any) to Shipper. Unless Shipper has not made any required payment, or unless otherwise prevented 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 the Shipper's written notice to Carrier, to complete administrative and operational requirements incidental to Shipper's withdrawal of Product and to return such Line Fill.

11.3 As between Carrier and Shipper, Shipper will at all times retain title to its Product in transit and Line Fill and Carrier will provide a Monthly statement to Shipper of Shipper's Product held as Line Fill. Carrier will periodically reconcile its Shippers' pro rata Line Fill balances and periodically adjust such balances as necessary. For example, if a Shipper's inventory balance drops below its pro rata portion of the Volume of Product necessary for the efficient operation of Carrier's Ethylene Pipeline system, Carrier will require Shipper to provide the necessary Volume to meet its pro rata portion of such Volume of Product. If Shipper's inventory balance for Line Fill exceeds its pro rata portion of the Volume of Product necessary for the efficient operation of Carrier's Ethylene Pipeline system, Carrier will return the excess Volume of Product to Shipper within sixty (60) Days of such determination.

11.4 Carrier will have the contractual right to require (or, in its reasonable judgment, waive the requirement for) Shipper or its representative to execute an interconnect agreement or access agreement to any of Carrier's facilities of and from any Person, including Shipper's contractors, or designated Third Party Shippers.

ITEM NO. 12. PRORATIONING WHERE NOMINATIONS EXCEED CAPACITY

12.1 If Carrier receives Nominations in a Month that exceed the Maximum Pipeline Capacity on the Ethylene Pipeline (or the Maximum Pipeline Capacity attributable to a segment on the Ethylene Pipeline), Carrier shall allocate Capacity pursuant to the provisions of Carrier's Prorationing Policy found in Exhibit A herein.

ITEM NO. 13. CURTAILMENTS TO SCHEDULED VOLUMES

13.1 Carrier may Curtail deliveries to Shippers, with notice as soon as reasonably practicable, to the extent it is operationally required for: (a) operational necessity, or any other

extraordinary circumstance beyond the control of Carrier, including a Force Majeure Event, that substantially affects the ability of Carrier to deliver the Volumes that have been Tendered by all Shippers for a given Day and (b) to accommodate the instantaneous increase in Priority Status 1 Volumes up to three hundred and ten (310) kPPH.

13.2 During an event as described in Item 13.1 herein, Carrier will Curtail Shippers in reverse order vis-a-vis Carrier's Prorationing Policy (found in Exhibit A of these Rules and Regulations), that is: subject to reserving up to five percent (5%) of the Maximum Pipeline Capacity for New Shippers (as defined in Carrier's Prorationing Policy), Carrier will Curtail scheduled deliveries for Priority Committed Shippers last—Priority Status 2 Volumes before Priority Status 1 Volumes (only under Item 13.1(a))—as operationally necessary, on a pro-rata basis as among scheduled quantities. All other scheduled service will be reduced pro rata as among scheduled quantities.

ITEM NO. 14. THIRD PARTY SHIPPERS

14.1 Shipper's Product may be delivered for transportation to Carrier under these Rules and Regulations by Shipper's designated "*Third Party Shipper*." If Shipper's Product is delivered to Carrier for transportation by Shipper's designated Third Party Shipper, such delivery shall not limit any of Shipper's obligations pursuant to these Rules and Regulations, which obligations shall remain Shipper's sole responsibility. Unless the context otherwise requires, the term Shipper shall be deemed to include Shipper's designated Third Party Shipper, and any provision applicable to Shipper shall be equally applicable to Shipper's designated Third Party Shipper, unless otherwise specified.

14.2 Shipper, as the primary obligor pursuant to these Rules and Regulations, shall be credited with all Shipper History, hereinafter defined in Carrier's Prorationing Policy, on the Ethylene Pipeline attributable to the Product, whether shipped by Shipper or its designated Third Party Shipper. In the event that Shipper assigns transportation Capacity covered by these Rules and Regulations to another Person as a permitted Shipper hereunder, Shipper may assign its Shipper History on the Ethylene Pipeline to such Person (a "*Shipper Assignee*"). Carrier shall be given Notice of such assignment by Shipper. For any purpose under the Rules and Regulations for which Shipper History is relevant, the assigned Shipper History shall apply to the Shipper Assignee as though it had been earned by the Shipper Assignee itself.

ITEM NO. 15. DUTIES OF CARRIER

15.1 Carrier shall not be required to transport Product except with reasonable diligence, considering the quality of the Product, the distance of transportation, and other material elements, and will not accept Product to be transported in time for any particular market.

15.2 Carrier may suspend transportation services on the Ethylene Pipeline in order to comply with Applicable Laws of any Governmental Authority, to perform maintenance, expand the Capacity of the Ethylene Pipeline, testing, inspections, or repairs, or to prevent injuries to Persons, damage to property, or harm to the environment, without incurring any obligation for any liabilities. Carrier will provide Shipper with advance notice of any routine or scheduled

maintenance on the Ethylene Pipeline: (a) for that portion of the Ethylene Pipeline operated by Carrier, at least forty-five (45) Days' notice; or, (b) for that portion of the Ethylene Pipeline operated by Carrier's designated "***Contract Operator.***"

ITEM NO. 16. LIMITATION OF LIABILITY

16.1 Notwithstanding any other provision of these Rules and Regulations, neither Carrier nor Shipper shall be liable to each other for special, indirect, consequential, incidental, punitive or exemplary damages, including lost profit and loss of business opportunity, in contract or tort arising out of these Rules and Regulations *provided* that nothing in this Item 16.1 shall be construed as limiting any obligation of either Carrier or Shipper to indemnify each other against claims asserted by third parties, including claims of such third parties for special, indirect, consequential, incidental, punitive or exemplary damages.

16.2 Carrier shall not bear any risk for, or be liable for any damage, contamination, degradation, or loss of Shipper's Product resulting from a Force Majeure Event. If contamination, damage, degradation, or loss of Product during a Force Majeure Event occurs after Shipper's Product has been received by Carrier for transportation and before it has been delivered to Shipper, Shipper shall bear a loss in such proportion as the amount of Shipper's shipment is to all of the Product held in transportation by the Carrier at the time of such loss, damage, contamination, or degradation, and the Shipper shall be entitled to have delivered only such portion of Shipper's shipment as may remain after a deduction of Shipper's proportion of such loss, damage, contamination, or degradation. In the event of a loss of Product while in the Carrier's custody (other than during a Force Majeure Event) Shipper's sole and exclusive remedy shall be: (a) replacement of such Product at Carrier's expense within a reasonable period of time, or (b) payment to Shipper of the Market Value of such Product, within not more than thirty (30) Days after the date when such loss was discovered, if Carrier deems that replacing the lost Product is not commercially feasible.

ITEM NO. 17. INDEMNITIES

17.1 Shipper shall be responsible for and shall defend, indemnify, release and hold harmless Carrier, its Affiliates, and their respective directors, officers, managers, employees and contractors (except for Shipper) and other representatives (collectively, the "***Carrier Parties***") from and against all losses arising out of or pertaining to Shipper's delivery to Carrier of Product not meeting the then-applicable Specifications, except that Shipper shall not be responsible for and shall bear no duty to defend, indemnify, release or hold harmless Carrier with respect to Product not meeting the then-applicable Specifications that Carrier agreed to accept in accordance with these Rules and Regulations. Carrier shall be responsible for and shall defend, indemnify, release and hold harmless Shipper, its Affiliates, and their respective directors, officers, managers, employees and contractors (except for Carrier) and other representatives (collectively, the "***Shipper Parties***") from and against all losses arising out of or pertaining to Carrier's acceptance of Product from other Shippers not meeting the then-applicable Specifications as set forth in these Rules and Regulations.

17.2 Subject to the terms of Item 16.1, Shipper shall be responsible for and shall defend, indemnify, release and hold harmless the Carrier Parties from and against all losses incurred by Carrier resulting from Shipper's negligence, willful misconduct or gross negligence in connection with the Tariff. Subject to the terms of Item 16.1, Carrier shall be responsible for and shall defend, indemnify, release and hold harmless the Shipper Parties from and against all losses incurred by Shipper resulting from Carrier's negligence, willful misconduct or gross negligence in connection with the Tariff.

17.3 Under the foregoing indemnities, where the personal injury to or death of any Person or loss or damage to property is the result of the joint or concurrent negligence, gross negligence, or willful acts or omissions of Shipper and Carrier, Carrier's or Shipper's duty of indemnification will be in proportion to its share of such joint or concurrent negligence, gross negligence, or willful misconduct.

17.4 To receive the foregoing indemnities, the Person seeking indemnification must notify the other in writing of a claim or suit promptly (provided that any failure to provide such notice shall not limit a Person's right to indemnification except to the extent that the indemnifying Person shall have been materially prejudiced thereby) and provide reasonable cooperation (at the indemnifying Person's expense) and full authority to the indemnifying Person to defend the claim or suit. Notwithstanding the foregoing, no indemnifying Person shall be entitled to settle any claim or suit without the consent of the indemnified Person unless such settlement contains a full release of the indemnified Person without any liability for any monetary damages or any type of equitable relief. Neither Person shall have any obligation to indemnify the other under any settlement made without its written consent.

ITEM NO. 18. REMOVAL OF PRODUCT

18.1 Subject to the terms of Item 16.1, if Shipper fails to make arrangements for the removal of its Product from Carrier's facilities upon delivery and a disruption of Carrier's operations or the operation of downstream facilities results, Shipper shall be liable for any actual damages incurred by Carrier as a result of such disruption.

ITEM NO. 19. SCHEDULING OF DELIVERY

19.1 When Shippers request delivery from the Ethylene Pipeline at a Delivery Point of a Volume of Product greater than can be immediately delivered, Carrier shall use commercially reasonable efforts to schedule delivery of such Volumes. Carrier shall not be liable for any delay in delivery of any such Volumes resulting from such scheduling of delivery.

ITEM NO. 20. TAXES

20.1 Shipper shall pay any all taxes levied on Shipper's Product including property taxes on Shipper's Product in the Ethylene Pipeline. Carrier shall pay any and all taxes levied on the Ethylene Pipeline. Shipper shall not be liable for any taxes assessed against Carrier based on Carrier's income, revenues, gross receipts, or ownership of the Ethylene Pipeline, and all state franchise, license, and similar taxes required for the maintenance of Carrier's corporate

existence. If Carrier is required to pay any tax(es) for Shipper, Shipper shall reimburse Carrier for such tax(es) within thirty (30) Days after receipt of an invoice and supporting documentation from Carrier.

EXHIBIT A

PRORATIONING POLICY

ITEM NO. 1. DEFINITIONS

- 1.1 "***New Shipper***" means a Shipper that does not qualify as a Regular Shipper.
- 1.2 "***New Shipper Proration Factor***" has the meaning set forth in Item 2.3(a) of this Prorationing Policy.
- 1.3 "***Priority Committed Shipper Allocation***" has the meaning set forth in Item 2.1 of this Prorationing Policy.
- 1.4 "***Proration Month***" means the Month for which Capacity on the Ethylene Pipeline is subject to prorationing pursuant to these Rules and Regulations.
- 1.5 "***Regular Shipper***" means a Shipper that has shipped Product during every Month of the Shipper History measuring period.
- 1.6 "***Shipper History***" means the total Volumes in Pounds of Product Shipper has actually shipped on the Ethylene Pipeline during the twelve (12) Month period beginning thirteen (13) Months prior to the Proration Month (and excluding the Month preceding the Proration Month). If Carrier has been in operation less than twelve (12) Months, then Shipper History shall be the total Volumes in Pounds Shipper has shipped on the Ethylene Pipeline to date, excluding Volumes in Pounds of Product shipped in the Month preceding the Proration Month.
- 1.7 "***Total Shipments***" means the Shipper History of the applicable Priority Committed Shipper, Regular Shipper or New Shipper.
- 1.8 "***Total Throughput***" means a Volume equal to the sum of the Total Shipments of all Priority Committed Shippers, Regular Shippers and New Shippers during the period in which Shipper History is measured.

ITEM NO. 2. ALLOCATION OF CAPACITY IN PRORATIONING

2.1 Where Carrier receives more Nominations in a Month for transportation of Product than Carrier is able to transport on the Ethylene Pipeline, Carrier shall apportion the Maximum Pipeline Capacity in the following manner. Each Priority Committed Shipper shall be allocated one hundred percent (100%) of the lesser of its Shipper MDQ or Monthly Nominated quantity (defined as the "***Priority Committed Shipper Allocation***"). Where a Priority Committed Shipper Nominates more than its Shipper MDQ, the additional Volumes shall be treated as Uncommitted Shipper Volumes and subject to the Regular Shipper prorationing terms in Item 2.2 of this Prorationing Policy. At no time shall the Priority Committed Shipper Allocation be greater than ninety-five percent (95%) of the Maximum Pipeline Capacity at any given time.

2.2 Regular Shippers:

(a) The percentage of Capacity to be allocated to each Regular Shipper will be calculated by dividing the sum of the Total Shipments of each Regular Shipper by the Total Throughput. The resulting percentages will then be applied to the Ethylene Pipeline Capacity available after allocations to Priority Committed Shippers and subject to a holdback of up to five percent (5%) to New Shippers, to determine the Capacity allocation for each Regular Shipper. Each Regular Shipper will be allocated the lesser of its Nomination or its allocation of Product determined pursuant to the above calculation.

(b) In the event that the above calculation results in any Shipper being allocated more Capacity than its Nomination, the excess of the calculated allocation over the Shipper's Nomination will be reallocated per capita among all other New Shippers and Regular Shippers whose Nominations would not be fulfilled through the allocations calculated in Items 2.2 and 2.3 of this Prorationing Policy.

(c) Carrier will repeat this reallocation process until all of the Capacity has been allocated. Allocations for Regular Shippers will be subject to pro rata reduction on the basis of the percentages calculated in Item 2.2 of this Prorationing Policy, if required, to accommodate New Shippers.

2.3 New Shippers:

(a) Up to one and one-quarter percent (1.25%) of the Ethylene Pipeline Capacity will be allocated to each New Shipper, subject to a cap of five percent (5%) of Capacity for all New Shippers during periods when Capacity prorationing is required. During a Prorationing Month, New Shippers will be allocated Capacity as follows: If less than four (4) New Shippers have submitted Nominations, each New Shipper will be allocated the lesser of either one and one-quarter percent (1.25%) of Capacity or its Nomination. In the event that four (4) or more New Shippers have submitted Nominations, the Nominations for each New Shipper shall be totaled and divided into five percent (5%) of the Ethylene Pipeline Capacity. The resulting percentage shall be the "***New Shipper's Proration Factor***." Each New Shipper will be allocated Capacity equal to the lesser of: (i) one and one quarter percent (1.25%) of available Capacity, or (ii) its Nomination, or (iii) its Nomination multiplied by the New Shipper Proration Factor.

(b) Any remaining Ethylene Pipeline Capacity, subject to the maximum cap of five percent (5%) of all available Capacity, as outlined above, will be allocated equally among the New Shippers whose Nominations were not fulfilled under the allocations calculated in Items 2.3(a)-(b) of this Prorationing Policy.

EXHIBIT B

PRODUCT SPECIFICATION POLICY

ETHYLENE PRODUCT SPECIFICATIONS

Product meeting Carrier's Product Specifications is limited to the following specification:

Component	Contract Specification		Referee Method
	Mol	Wt	(as per the latest ASTM Revision)
Ethylene, % min.	99.90	99.90	D-6159
Methane + Ethane, ppm max. ⁽¹⁾	1000	1021	D6159
Propylene and heavier, ppm max.	10	15	D-6159
Carbon Monoxide, ppm max.	1.0	1.0	D-2504
Carbon Dioxide, ppm max.	5.0	7.8	D-2505
Total Sulfur, ppm max.	0.9	1.0	D-4468
Water, ppm max.	5.0	3.2	D-1142
Acetylene, ppm max.	4.0	3.7	D-6159
Oxygen, ppm max.	2.0	2.3	D-2504
Methanol, ppm max.	0.9	1.0	D-7423 (LowOx GC)
Hydrogen, ppm max.	5.0	0.4	D-2504
Ammonia, ppm max.	1.6	1.0	See Note 2

Notes:

1. Ppm mol values calculated from ppm wt values and wt% purity value.
2. For referee method, Ammonia is trapped in weak H₂SO₄ (aq.) and analyzed by ASTM D-1426.
3. Shipper may use online analyzers, its own test methods, occasional test samples or configurational analysis to determine that Product meets specifications; *provided, however*, that Shipper's online analyzers, test methods, test samples or configurational analysis provides results comparable in sensitivity and reproducibility to the test method referenced in this specification.