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Gas Services Department
Railroad Commission of Texas

Texas Gathering No. 1

Midcoast Pipelines (Texas Gathering) L.P.

(564714)

Local Pipeline Tariff

Containing

RATES, RULES AND REGULATIONS

Applying on the Intrastate Transportation of

PRODUCT

Transported by Pipeline from and To Points Named Herein

The rates in this tariff are expressed in cents per Barrel of 42 U.S. Gallons and are subject to change as provided by law and are governed by the Rules and Regulations published herein, supplements hereto and reissues hereof. The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

Operated by

Permit#

Midcoast Pipelines (Texas Gathering) L.P. (564714)

09993

Effective: September 3, 2020

Issued and Compiled By:

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Intrastate Regulatory Affairs
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SECTION I

RULES AND REGULATIONS

DEFINITIONS

For the purpose of these Rules and Regulations, the following definitions shall apply; in the event of inconsistency with the definitions in the Agreement, the latter shall apply:

Agreement - shall mean a contract, including a TSA, executed by Carrier and Shipper, which provides for transportation services subject to the terms of this tariff.

Barrel - shall mean forty-two (42) United States gallons of two hundred thirty-one (231) cubic inches at sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure.

Carrier - shall mean Midcoast Pipelines (Texas Liquids) L.P.

Consignee - shall mean the party, including a connecting pipeline system, to whom Shipper has ordered delivery of Product.

Contract Shipper - shall mean a Shipper that has executed a TSA

Day - shall mean the period between 7:00 a.m. central time on one day and 7:00 a.m. central time the following day.

Delivery - shall mean the transfer of Product from Carrier to Consignee at destination

Demethanized Mix - shall mean a mixture of any or all the following components: ethane, propane, isobutane, normal butane, and natural gasoline.

LVP - shall mean liquid volume percent.

Month - shall mean 7:00 A.M. of the first day of a calendar month to 7:00 A.M. on the first day of the following calendar month.

Nomination or Nominated - shall mean an offer by Shipper to Carrier of a stated quantity of Product for transportation from the specified origin to the specified destination pursuant to the terms of these Rules and Regulations.

Pipeline System - shall mean all of Carrier's tanks, lines, valves, fittings, and appurtenant equipment required to transport Product from origin to destination.

Product - shall mean Demethanized Mix meeting the Specifications as provided for in Section 11.

Shipper - shall mean any party who gives notice to transport Product under the provisions outlined in these Rules and Regulations.

Specifications - shall mean the Product Specifications as described in Section II of this tariff.

Tender - shall mean an offer by a Shipper to the Carrier of a stated quantity of Product for transportation from origin to destination in accordance with these Rules and Regulations.

Any capitalized terms used in these Rules and Regulations that are not defined above shall have the meaning set forth in the Agreement.

SCHEDULING OF RECEIPT

When Shipper desires to originate Product, it shall furnish a Nomination no later than the 25th calendar Day of the preceding Month in which Shipper desires transportation. If Shipper does not furnish such Nomination, Carrier will be under no obligation to accept such Product for transportation. Product will be accepted for transportation, subject to the Rules and Regulations contained herein at such time, and in such quantity as scheduled by Carrier. Carrier will transport and deliver Product with reasonable diligence and dispatch considering the quantity, distance of transportation, safety of operations, and other material factors, but will accept no Product to be transported in time for any market.

PRODUCT REQUIREMENTS AND TESTING

Carrier reserves the right to refuse to accept any Demethanized Mix for transportation which does not meet Carrier's specifications, or which is not good merchantable Product readily acceptable for transportation through the Pipeline System. The acceptance of Demethanized Mix which does not conform to the Specifications herein shall not be deemed a waiver to of the right to require future deliveries of Demethanized Mix to conform to the Specifications. Shipper may be required to furnish Carrier with a certificate setting forth the specifications of each shipment of Product to be transported in the Pipeline System. Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during receipt, and in the event of variance between Shipper's certificate and Carrier's test, the latter shall prevail. If, upon investigation, Carrier determines that Shipper has delivered to the Pipeline System Demethanized Mix that does not meet Carrier's Specifications or which is not good merchantable Product as set forth above, Carrier reserves the right to treat or otherwise dispose of all such Demethanized Mix in any reasonable commercial manner at Shipper's sole expense. Carrier reserves the right to charge a penalty as provided for in Section II for the delivery of Demethanized Mix to the Pipeline System which does not conform to the Specifications.

MINIMUM SHIPMENT

Product shall be offered for transportation in quantities that can be received into Carrier's Pipeline System. Carrier will specify, on a non-discriminatory basis, the quantity to be delivered to Carrier at the origin point. Shipper will be subject to linefill requirements of up to 21 days receipts.

APPLICATION OF RATES

Carrier shall assess transportation and all other lawful charges accruing on Product accepted for transportation at the rate in effect at date Product is received at origin. Carrier will invoice Shipper for transportation charges and all other lawful charges accruing on Product accepted in accordance with the Agreement and Carrier's then current payment policies and procedures, and at the rates set forth in the Agreement.

ORIGIN AND DESTINATION FACILITIES

Carrier shall accept Product only when Shipper has provided necessary facilities for receipt of Product into Carrier's Pipeline System and delivery of Product from Carrier's Pipeline System at pressures and pumping rates required by Carrier on a non-discriminatory basis.

MEASUREMENT

Except as otherwise provided, Carrier shall not charge for metering Product upon receipt and delivery. Observed volumes of Product shall be corrected to net component volumes at 60°F and equilibrium vapor pressure using flowing mass, a component analysis of a sample accumulated from the flowing stream, and component densities from the latest GPA 2145 Standard.

COMPONENT BALANCING

Shipper shall be responsible for bringing into balance on a Monthly basis any accumulated

component volume differences resulting from the receipt, transportation, and delivery of commingled Product.

IDENTITY OF SHIPMENTS

Carrier may commingle Product received from the origin set forth in the Agreement. Carrier reserves the right at any time to substitute and deliver Product of the same specification as the Product shipped.

DEMURRAGE

Shipper shall remove Product, or cause Product to be removed, from the Pipeline System following transportation to a nominated destination. In the event failure to remove Product threatens or prevents delivery of succeeding shipments into or out of the Pipeline System, and/or threatens or causes congestion on the Pipeline System, Carrier shall have the right, without liability to Shipper, to make such disposition of unremoved Product as is necessary for the efficient operation of its Pipeline System, and Shipper shall pay Carrier all charges associated with such disposition the same as if Shipper had authorized such, together with any associated additional costs and damages borne or incurred by Carrier.

PAYMENT OF CARRIER CHARGES

The Shipper shall pay all transportation and other lawful charges accruing on Product delivered to and accepted by Carrier for shipment, and, if required, shall pay the same before delivery at the destination point. Carrier shall have a lien on all Product in its possession belonging to Shipper or its Consignee to secure the payment of any and all unpaid transportation, or any lawful charges that are due Carrier, that are unpaid by Shipper or Consignee, and may withhold such Product from delivery until all unpaid charges have been paid. If said charges remain unpaid ten (10) Days after final notice and demand therefore, Carrier shall have the right, through an agent, to sell such Product at public auction, on any day not a legal holiday, in not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town or city where the sale is to be held, stating the time, place of sale, and the quantity and location of Product to be sold. At said sale, Carrier shall have the right to bid, and if the highest bidder, to become the purchaser. From the proceeds of said sale, Carrier will pay itself the transportation and all other lawful charges, including expenses incident to said sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

ACCEPTANCE FREE FROM LIENS AND CHARGES

Carrier may refuse, on a non-discriminatory basis, any shipment for transportation which may be encumbered by a lien or charge of any kind, or which may be involved in litigation or the ownership thereof may be in dispute. When any Product so encumbered or subject to litigation or dispute is tendered for transportation, Carrier may require of Shipper satisfactory evidence of his perfect and unencumbered title or a satisfactory indemnity bond to protect Carrier against any or all loss.

LIABILITY OF CARRIER

Carrier shall not be liable to Shipper for any delay in delivery or for any loss of Product caused by an act of God, public enemy, quarantine, authority of law, strikes, riots, fire, floods or by act of default of consignor or Consignee, or resulting from any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss shall be apportioned by Carrier to each shipment of Product or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Product in the loss, and each Consignee shall be entitled to receive only that portion of its shipment remaining after deducting his proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shipper and Consignee showing the apportionment of any such loss. Carrier operates under the Agreement and these Rules and Regulations solely as a common carrier and not as an owner, manufacturer, or seller of the Product transported or stored hereunder, and Carrier expressly disclaims any liability for any expressed or implied warranty for Products transported or stored hereunder including any warranties of merchantability or fitness for intended use.

CLAIMS-TIME FOR FILING

Notice of claims for loss or damage must be made in writing to Carrier within nine (9) Months after delivery of the Product, or in the case of a failure to make delivery, then within nine (9) Months after a reasonable time for delivery has elapsed. Suit against Carrier shall be instituted only within two (2) years and one (1) Day from the Day when notice in writing is given by the Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and the Carrier shall not be liable.

SCHEDULING OF DELIVERY

When Shipper requests for delivery from the pipeline at the destination a volume of Product greater than can be immediately delivered, Carrier shall schedule delivery. Carrier shall not be liable for any delay in delivery resulting from such scheduling of delivery.

ALLOCATION

When there is offered to Carrier Product quantities greater than can be transported between origins and destinations, Carrier shall allocate transportation capacity, then Carrier shall accept and transport, during such period, only that portion of each good-faith offer to ship which Carrier shall determine to be equitable to all Shippers, having regard to the operating conditions of the pipeline system, as determined by Carrier, in accordance with the following allocation procedures:

- a. Ninety percent (90%) of the available capacity shall be allocated by Carrier, on a non-discriminatory basis, to all Shippers, with an individual Shipper's entitlement based on the volume transported during an historical period.
- b. The remaining ten percent (10%) of the available capacity shall be allocated on a pro rata basis to new Shippers. Any new Shipper shall not be allocated more than one percent (1%) of the available capacity. If the aggregate Nominated volumes by new Shippers are less than ten percent (10%) of the available capacity of the Pipeline System, each new Shipper will be allocated its Nominated volume and the remaining available capacity will be allocated to historical Shippers which shipped or paid for volumes of Product during a representative period.
- c. During instances of allocation, a Shipper will be deemed to have submitted a revised Nomination volume equal to its allocation determined by Carrier in accordance with the procedures set forth above.

Allocation will be given as a per Day or a Monthly volume, at Carrier's discretion, and will be calculated for the calendar Month. Allocation shall not be brokered or transferred. With agreement of the Shippers concerned, historical volume may be transferred under the following conditions:

- No commercial transaction occurs between the participating Shippers regarding historical volumes.
- The transfer is irrevocable.
- The request to transfer must be the result of an unusual situation as may be reasonably determined by the Carrier on a non-discriminatory basis.

TRANSPORTATION INVENTORY

Quantities of Product received into Carrier's custody for transportation to Shipper's nominated destination will constitute Shipper's transportation inventory prior to delivery. If Product cannot be accepted by the nominated destination through no fault of Carrier, undelivered quantities will be returned to Shipper's holding (storage) inventory.

STORAGE

Carrier does not have available, and does not hold itself out to provide, storage of Shipper's Product at origin, destination, or intermediate points.

INCENTIVE PROGRAM

Carrier reserves the right, but does not have the obligation, to enter negotiated rates, terms and conditions with Shipper. Such rates, terms and conditions may be determined by, but are not limited to, such factors as rate, duration, volumes, points of origin, points of delivery, available capacity, minimum quantities, creditworthiness and ship or pay commitments. Any agreement reached between the Carrier and Shipper will be contained in an executed agreement and will not be included as part of the Rate Sheet herein.

SECTION II

SPECIFICATIONS

The Demethanized Mix shall be a mixed stream composed principally of ethane, propane, butanes and natural gasolines and is commercially free from dirt, scale, rust, sand, dust, and all other types of solid contaminants, gums, gum producing substances, oil, glycol, inhibitors, amine, and any another contaminant or compound added to the Product to enhance the ability to meet these Specifications:

<u>Contaminant / Product Parameter</u>	<u>Test Method</u>	<u>Units (Maximum)</u>
Carbon Dioxide	GPA 2186	0.35 LVP of ethane content
Methane	GPA 2186	Note 1
Aromatics	GPA 2186	10.0 LVP
Olefins		1.0 LVP
Color - Saybolt Number	ASTM D-6045 (Note 2)	+25 Minimum
Distillation - End Point 14.7 psia	ASTM D-86 (Note 2)	375' F
Corrosiveness - Copper Strip (100°F)	ASTM D-1838	No.1
Total Sulphur	ASTM D-2784	150 PPM by weight
Hydrogen Sulfide	ASTM D-2420	Pass
Oxygenates	ASTM D-7423	None
Vapor Pressure	ASTM D-1267	600 (at 100°F)
Dryness	Visual	No Free Water
Temperature:		
Minimum		60°F
Maximum		100°F

Note 1: Methane: lesser of 0.5 LVP of the total stream or 1.5 LVP of the ethane content. For accounting purposes, a maximum of 1.5 LVP methane in the ethane will be considered ethane. Any excess above this specification shall not be accounted for.

Note 2: Distillation and Color to be run on that portion of the mixture having a boiling point of 70°F and above at atmospheric pressure.

The Specifications may be modified from time to time by Carrier in its sole discretion.

For all Contaminants and Product Parameters other than Oxygenates, Carrier shall be entitled to charge a penalty of \$1.05 per Barrel of Demethanized Mix that does not meet the Specifications.

For Oxygenate Contaminants, Carrier shall be entitled to charge a penalty per Barrel in accordance with the following table:

Oxygenate Content	Penalty \$ / Barrel
0-200 PPM	\$1.05
201-400 PPM	\$2.10
401 -600 PPM	\$3.15
> 601 PPM	\$4.20

SECTION III

RATES

General Commodity Rates

Origin Point	<u>Delivery Point(s)</u>	Rate (<u>\$ per Barrel</u>)
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Midcoast Anadarko Texas Area:

Higgins Receipt Point (Hemphill County, TX)	Texas Express Gathering	<u>\$0.42</u>
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