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Gas Services Department
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Texas Intrastate No. 10.3
Replaces Texas Intrastate No. 10.2

TARGA GULF COAST NGL PIPELINE LLC

Containing

RULES AND REGULATIONS

Governing the Intrastate Pipeline Transportation of

PRODUCTS

From:

POINTS IN TEXAS

To:

POINTS IN TEXAS

GENERAL APPLICATION

Rules and Regulation 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.

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RULES OF GENERAL APPLICATION

Notwithstanding anything in the Railroad Commission of Texas Provisions to the contrary, Carrier will receive, transport, and deliver Products through its facilities only as provided in these Rules and Regulations, except that specific Rules and Regulations published in individual tariffs will take precedence over Rules and Regulations published herein or in succeeding reissues of these Rules and Regulations.

Item 5 Definitions

"Barrel" shall mean a volume of forty-two (42) United States gallons. One U.S. gallon shall be equal to two-hundred-thirty-one (231) cubic inches of liquid at sixty degrees Fahrenheit (60°F) and at the equilibrium vapor pressure of the liquid.

"Carrier" shall mean Targa Gulf Coast NGL Pipeline LLC.

"Committed Shipper" means a Shipper with which Carrier has executed a transportation service agreement with a minimum volume commitment.

"Consignee" shall mean the person or entity to whom the Shipper has ordered delivery of Product.

"Day" shall mean the period of twenty-four (24) hours between 12:00 AM Central Standard Time of a calendar day and 12:00 AM Central Standard Time of the following calendar day.

"Destination Point" means the point at destination where physical custody of Product is transferred from Carrier to the Consignee, such point being the point of interconnection between Carrier's facilities and the Product receiving facilities to which Carrier's facilities are connected now and in the future.

"Force Majeure" means an event or occurrence beyond the reasonable control of Carrier that interferes with or prevents Carrier's performance of any obligation or condition under this tariff, under a transportation service agreement, interconnect agreement, or other agreement affecting Carrier or Carrier's facilities, including but not limited to (i) actions, orders, regulations, or requests of any governmental authority having jurisdiction over the pipeline system, Carrier, or this tariff; (ii) insurrections, wars, rebellion, riots, disturbances, sabotage, acts of public enemies, blockades, embargoes, expropriation, condemnation, epidemics, strikes, lockouts or labor disturbances or difficulties (the settlement of strikes, lockouts or labor difficulties being entirely within Carrier's discretion); (iii) weather conditions or anticipated weather conditions and actions of the elements, including, without limitation, fires, explosions, earthquakes, storms, floods, freezing conditions, washouts, lightning, hurricanes, tornadoes, or landslides; (iv) disruptions to, breakages of, or destruction of all or any portion of Carrier-owned or third party- owned machinery, lines of pipe, or facilities relied upon or contributing to provision of transportation service under this tariff, including the inability to obtain electric power, water, fuel, equipment, parts, repairs or other items or services; (v) scheduled maintenance or (vi) fires; explosions; freezing conditions, breakdowns or failure of pipe, plant, machinery or equipment.

An event similar to the foregoing that interferes with or prevents Carrier's performance of its obligations shall be deemed an event of Force Majeure.

"Minimum Volume Commitment" means Shipper's minimum average yearly volume commitment as set forth in an applicable transportation service agreement.

"Month" means a period of time commencing on the first Day of a calendar Month and ending on the first Day of the next calendar Month.

"Nomination" means a written communication (in form and context specified by Carrier) made by a Shipper to Carrier of a quantity of a specific Product for transportation on the pipeline system in accordance with the terms of this tariff.

"Origin Point" means the point where physical custody of Products are transferred from Shipper to Carrier, such point being the inlet delivery connection to Carrier's facilities where Products from an originating facility or an interconnected pipeline are injected into Carrier's facilities

"Product(s)" shall mean natural gasoline, normal butane, isobutane, HD-5 propane crude butadiene, heavy aromatic distillate, hydrogenated pyrolysis gasoline, and ethane which meets specifications issued by Carrier and included in the items of these Rules and Regulations.

"Proration Month" means the Month for which capacity is to be allocated in accordance with Item 85.

"Shipper" shall mean the owner of Product, or the party authorized to transport on behalf of such owner of Product, that is accepted by Carrier for transportation under the terms of this tariff.

"System" shall mean that system of pipelines and appurtenant facilities utilized for the receipt and delivery of Products at the Origin Points and Destination Points identified in Targa Gulf Coast NGL Pipeline LLC Pipeline Service Rate Tariff No. 11.9, and successive issues thereof.

"System Capacity" means the operational capacity of the System at any applicable point in time.

"Uncommitted Shipper" means a Shipper that is not a Committed Shipper.

Item 10 Certificate

Carrier reserves the right to require Shipper to furnish a certificate by a licensed petroleum inspector confirming the quality and specifications of the Product tendered for transportation hereunder.

Item 15 Scheduled Shipments

Shippers desiring to transport Products shall furnish a Nomination to the Carrier on a form supplied by Carrier specifying the Products, Origin Point, Destination Point, and quantity. Forms may be obtained from Carrier at the address shown on the first page of this tariff. All such forms shall be submitted on or before the fifteenth (15^{th}) day of the month preceding the Month during which the transportation service is to begin. If Shipper does not furnish such notice, Carrier shall be under no obligation to accept Product for transportation. For each Month, Carrier will establish a

sequence for pumping Products and will schedule the approximate time when Products offered for shipment will be received by Carrier at Origin Point and delivered by Carrier at Destination Point.

Item 20 Minimum Batch; Scheduling

Product shall be accepted for transportation in quantities of not less than five thousand (5,000) Barrels of similar quantity and color from one Shipper.

Item 25 Facilities at Origin and Destinations; Pumping Service

Carrier will provide only such facilities at the Origin Points or Destination Points that Carrier considers necessary for operation of the System. Other than as explicitly agreed by Carrier and Shipper, Carrier provides no storage facilities. Product will be accepted for transportation only when Shipper has provided facilities, including storage, at the applicable Origin Points and Destination Points that are satisfactory to Carrier and are capable of delivering or receiving Product at pressures and pumping rates required by the Carrier. See additional requirements regarding new connections in Item 90.

Pumping service to move Product from Origin Point to Destination Point shall be furnished by Shipper at a rate not to exceed 1,032 pounds per square inch.

Item 30 Assurance of Delivery at Destination

Upon arrival of Product at the specified Destination Point, such Product will be delivered through metering facilities provided by Carrier or the operator of the receiving facility into receiving lines and storage facilities specified by Shipper. In the event Shipper or its Consignee does not have adequate facilities available to receive Product at the Destination Point in accordance with Carrier's schedule, Carrier may store, sell at public auction or otherwise dispose of Product in accordance with Item No. 60.

Item 35 Product Specifications

Carrier is engaged in the transportation of Products, as herein defined, and will not accept any other commodity for transportation under this tariff.

Carrier reserves the right to refuse to accept any Products for transportation service which does not conform to Carrier's Product specifications ("Specifications"), described below, or which are not good and merchantable Products readily acceptable for transportation service through Carrier's existing facilities and/or which would otherwise adversely affect Carrier's facilities or other Products. Carrier reserves the right to modify its Specifications from time to time. In the event Carrier makes modifications to its Specifications, Carrier will provide Shippers with notice of such modifications and provide a copy of, or access to, the modified Specifications. As a prerequisite to transportation service, Shipper's Products must also conform to its nominated destination point specifications.

Shipper may be required to furnish Carrier with a certificate of analysis setting forth the composition of each shipment of Product to be transported in Carrier's facilities. Carrier reserves

the right to sample and/or test any Product tendered to Carrier prior to acceptance or during receipt, and if there is a variance between Shipper's certificate of analysis and Carrier's test, the latter shall prevail.

If Carrier determines that Shipper has delivered Product that does not meet the Specifications or contaminates the common fungible stream, Carrier may treat or otherwise dispose of all contaminated Product in any reasonable commercial manner at Shipper's sole expense.

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

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

NATURAL GASOLINE SPECIFICATION

PRODUCT CHARACTERISTICS	**MINIMUM**	**MAXIMUM**	**TEST METHODS LATEST REVISION**
1. **Composition** Percent by Liquid Volume			ASTM E-260
Butanes and Lighter	–	3.0	GPA 2177
Pentanes & Heavier	97.0	100.0	
2**. Vapor Pressure (see note below)**			
Psig @ 100°F, Reid	–	Nominally 13.5 to 14 (see note below)	ASTM D-323
3. **Corrosion**			
Copper Strip @ 100°F (Invalid if additive or inhibitor is used)	–	1-b	ASTM D-130
Corrosion Additive or Inhibitor, PPM by Weight	–	1	Applicable Industry Practices
4. **Doctor Test for Sulfur**	–	Negative	GPA Publication 1138
5. **Dryness**	–	No Free Water	Visual
6. **Color**		No color	Field White Cup

Saybolt No.	+25		Method Lab – ASTM D-156
7. **Distillation**			
End Point, °F	–	375	ASTM D-216

NOTE: The test methods for Items 2 and 7 are not necessary if an adequate compositional analysis is available which indicates compliance with these requirements.

NOTE:Maximum Vapor Pressure for Natural Gasoline shall vary, nominally, from 13.5 psi to 14 psi due to ongoing changes in the United States regulations applicable to gasoline and current market conditions.

NORMAL BUTANE SPECIFICATION

PRODUCT CHARACTERISTICS	**MINIMUM**	**MAXIMUM**	**TEST METHODS LATEST REVISION**
1. **Composition** Percent by Liquid Volume			ASTM E-260
Propane	–	0.35	
Isobutane and Lighter	–	5.0	
Butylene (Percent of N. Butane)	–	0.35	ASTM D-2163
N. Butane & Butylene	95.0	100.0	
Butadiene	–	0.01	
Pentanes & Heavier	–	1.5	
Hexanes & Heavier	–	0.05	
2**. Vapor Pressure**			
Psig @ 100°F	–	50	ASTM D-1267
3. **Corrosion**			
Copper Strip @ 100°F (Invalid if additive or inhibitor is used)	–	1-b	ASTM D-1838
Corrosion Additive or Inhibitor, PPM by Weight	–	1	Applicable Industry Practices
4. **Total Sulfur**			
PPM by Weight in Liquid	–	140	ASTM D-3246
5. **Volatile Residue**			
95% Evaporated – Temperature °F	–	+36	ASTM D-1837
6. **Dryness**	–	No Free Water	Visual
7. **Fluorides**			
PPM by Weight in Liquid	–	0.5	Applicable Industry Practices
8. **Total Oxygenates –**			

PPM by Weight in Liquid (alcohols, glycols, ether, etc.)	–	50.0	Applicable Industry Practices
Methanol PPM by Weight in Liquid	–	50.0	Applicable Industry Practices
IPA & Heavier Alcohols PPM by Weight in Liquid	–	5.0	Applicable Industry Practices
MTBE & Other Ethers PPM by Weight in Liquid	–	2.0	Applicable Industry Practices
Other Oxygenates PPM by Weight in Liquid	–	5.0	Applicable Industry Practices

NOTE: The test methods for Items 2 and 5 are not necessary if a compositional analysis indicates compliance with these requirements. The above cited specifications are for ambient normal butane.

HD-5 PROPANE FUEL SPECIFICATION

PRODUCT CHARACTERISTICS	**MINIMUM**	**MAXIMUM**	**TEST METHODS LATEST REVISION**
1. **Composition** Percent by Liquid Volume			ASTM E-260
Ethane		As limited by other components & vapor pressure	
Propane	90.0	100.0	–
Propylene	–	5.0	ASTM D-2163
Butanes & Heavier	–	2.5	
2. **Vapor Pressure**			
Psig @ 100°F	–	208	ASTM D-1267
3. **Corrosion**			
Copper Strip @ 100°F (Invalid if additive or inhibitor is used)	–	1-b	ASTM D-1838
Corrosion Additive or Inhibitor, PPM by Weight	–	1	Applicable Industry Practices
4. **Total Sulfur**			
PPM by Weight in Liquid	–	120	ASTM D-3246
5. **Hydrogen Sulfide**			
PPM by Weight in Liquid (Lab test required if field test is positive)	–	1	Field – Length of Stain Tube Lab Chromatography with Flame Photometric Detector
6. **Carbonyl Sulfide**	–	2	Field – Length of

PPM by Weight in Liquid (Field test invalid if C4+ exceeds 1.0LV%) (Lab test required if field test is positive)			Stain Tube Lab – UOP 212 or UOP 791 Lab-Gas Chromatography with Flame Photometric Detector
7. **Non-Volatile Residue**			
(a) Milliliters @ 100°F	–	0.05	ASTM D-2158
(b) Oil Stain	–	Pass	
The following tests are optional, depending upon product source:			
8. **Dryness**			
Freeze Valve, Seconds	–	60 (Note 2)	ASTM D-2713
9. **Volatile Residue**			
95% Evaporated-Temperature, °F	–	-37	ASTM D-1837
10. **Ammonia**			
PPM by Weight in Liquid	–	1	Field-Length of Stain Tube Lab – UOP 430
11. **Fluorides**			
PPM by Weight in Liquid as Monatomic Fluorine		1	Field-Length of Stain Tube Lab-UOP-619-83
12. **Other Deleterious Substances (PPM by Weight in Liquid)**			
Includes but is not limited to (isoprene, butadiene, vinyl chloride, glycol, amine, caustic)	–	1	Gas chromatography with flame ionization or electron capture detection or other industry accepted methods

NOTES: (1) The test methods for items 2 and 7 are not necessary if a compositional analysis is available which indicates compliance with these requirements.; (2) The addition of methanol in the distribution system should be on a spot basis and must not exceed a rate of 5 gallons per 10,000 gallons of product.

ISOBUTANE SPECIFICATION

PRODUCT CHARACTERISTICS	**MINIMUM**	**MAXIMUM**	**TEST METHODS LATEST REVISION**
1. **Composition** Percent by Liquid Volume			ASTM E-260
Propane, Propylene and Lighter	–	3.0	ASTM D-2163
Isobutane	96.0	100.0	
Butylene, Normal Butane & Heavier	–	4.0	

2. **Vapor Pressure**			
Psig @ 100°F	–	62	ASTM D-1267
3. **Corrosion**			
Copper Strip @ 100°F (Invalid if additive or inhibitor is used)	–	1-b	ASTM D-1838
Corrosion Additive or Inhibitor, PPM by Weight	–	1	Applicable Industry Practices
4. **Total Sulfur**			
PPM by Weight in Liquid	–	140	ASTM D-3246
5. **Volatile Residue**			
95% Evaporated – Temperature °F	–	+16	ASTM D-1837
6. **Dryness**	–	No Free Water	Visual

NOTE: The test methods for Items 2 and 5 are not necessary if an adequate compositional analysis is available which indicates compliance with these requirements.

LOW SULFUR NATURAL GASOLINE SPECIFICATIONS

PRODUCT CHARACTERISTICS	MINIMUM	MAXIMUM	TEST METHODS LATEST REVISION
1. **Composition**			
Percent by Liquid Volume	–		ASTM E-260
Butanes and Lighter	–	3.0	GPA 2177
Pentanes & Heavier	97.0	100.0	
2**. Vapor Pressure (see note below)**			
Psig @ 100°F, Reid	–	14	ASTM D-323
3. **Corrosion**			
Copper Strip @ 100° F(Invalid if additive or inhibitor is used)		1-b	ASTM D-130
Corrosion Additive or Inhibitor, PPM by Weight	-	1	Applicable Industry Practices
4. **Total Sulfur**			
PPM by Weight in Liquid	–	30	ASTM D-5623 or ASTM D-6667
5. **Dryness**			
	–	No Free Water	Visual
6. **Color**			
Saybolt No.	+25	-	Field White Cup Method Lab – ASTM D-156
7. **Distillation**			
End Point, ºF	–	375	ASTM D-216

NOTE: The test methods for Items 2 and 7 are not necessary if an adequate compositional analysis is available which indicates compliance with these requirements.

CRUDE BUTADIENE, HEAVY AROMATIC DISTILLATE, AND HYDROGENATED PYROLYSIS GASOLINE SPECIFICATION

Crude butadiene, heavy aromatic distillate, and hydrogenated pyrolysis gasoline shall be of good and merchantable quality, readily acceptable for transportation service through Carrier's existing facilities, and shall be free from defects or other qualities that would adversely affect Carrier's facilities or other Products.

ETHANE SPECIFICATIONS

PRODUCT CHARACTERISTICS	MINIMUM	MAXIMUM	TEST METHODS LATEST REVISION
1. **Composition** Percent by Liquid Volume			ASTM E-260
Methane	–	3.0	GPA-2177
Ethane	95.0	100.0	
Ethylene	–	1.0	
Propane and Heavier	–	3.5	ASTM D-2163
2. **Corrosion**			
Copper Strip @ 100°F (Invalid if additive or inhibitor is used)	–	1-b	ASTM D-1838
Corrosion Additive or Inhibitor, PPM by Weight	–	1	Applicable Industry Practices
3. **Total Sulfur**			
PPM by Weight in Liquid	–	30	ASTM D-3246
4. **Dryness**	–	No Free Water	Visual
5. **Carbon Dioxide**			
PPM by Weight in Liquid	–	1,000	GPA 2177

Product Accounting:

For accounting purposes, methane and ethylene shall be considered ethane, propylene and butanes shall be considered propane within the above listed specification limits.

Any excess of these hydrocarbon components above the specification limits shall not be accounted for.

Item 40 Measurement, Testing and Deductions

Product tendered for transportation shall be metered at each Origin Point and Destination Point by Carrier or the operator of the facility to which Carrier's facilities are connected, consistent with the provisions of the applicable agreement governing the interconnection of Carrier's facilities with those of the operator of the applicable facility, prior to or at the time of receipt or delivery. Shipper shall at all times have the privilege of being present or represented during all metering and testing. The volume of Product to be transported shall be determined in accordance with applicable API Manual of Petroleum Measurement Standards and applicable GPA Midstream Association procedures. The net balance after corrections or adjustments for pressure and temperature will be the quantity deliverable by Carrier and the transportation charges will be assessed in accordance

therewith.

Item 45 System Losses and Loss Adjustments

Quantities of Product will be adjusted at the Destination Point to allow for inherent losses or gains, including but not limited to shrinkage, evaporation, measurement, interface losses and other physical losses not due to the negligence of Carrier. Losses shall be charged proportionately to each Shipper in the ratio that such shipment, or portion thereof, received and undelivered at the time of the loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs. Shipper shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage determined as aforesaid.

Item 50 Integrity of Product

Carrier may commingle a specific Product received for transportation and reserves the right at any time to substitute and deliver a Product of the same specification as the specific Product tendered by Shipper. Product will be accepted for transportation service only on the condition that it shall be subject to such changes in characteristics (including component changes), while in transit, as may result from the mixture with other Product. Carrier shall be under no obligation to make delivery of the identical Product, but may make delivery out of the common stream and Shippers will be required to accept such delivery. For pipeline protection, Carrier may inject corrosion inhibitor in the Product to be transported, and Shipper will accept delivery of Product at the specified Destination Point containing the corrosion inhibitor.

Item 55 Title to or Control of Product, Possession and Control.

(a) The Carrier will refuse any Product for transportation which may be encumbered by a lien or charge of any kind, or which may be involved in litigation, or the ownership of which may be in dispute unless Shipper provides satisfactory evidence of its, or the party on whose behalf it ships Product, perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all loss. By nominating Product, the Shipper warrants and guarantees that the Shipper has good title to or the right to ship on behalf of the title holder all Product tendered and delivered hereunder and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title or right to ship thereto. Carrier's acceptance of Shipper's Product for transportation service is not an admission by Carrier that Shipper or the party on whose behalf it ships Product holds good title or right to ship thereto and is not a waiver of Shipper's obligation to have good title or right to ship thereto.

(b) Shipper shall be deemed to be in exclusive possession and control of all Product for which services are provided hereunder upstream of the Origin Point and at and downstream of the Destination Point. Carrier shall be deemed to be in exclusive possession and control of all Product at and downstream of the Origin Point and upstream of the Destination Point.

Item 60 Payment for Transportation and Lien

(a) Carrier shall bill Shipper monthly for all transportation charges and other charges due hereunder based upon volumes received by Carrier from Shipper. Shipper shall pay for transportation charges and all other lawful charges accruing on Products accepted in accordance with Carrier's then current payment policies and procedures at the rates published in Carrier's Rates Tariff as may be in effect from time to time. Carrier may require that all payments to Carrier for Services pertaining to the transportation of Product be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

(b) If Carrier, in its sole judgment, has reasonable grounds for insecurity regarding the ability of Shipper or Shipper's guarantor (if any) to perform its obligations hereunder or make payment of charges and fees when due (including without limitation, the occurrence of a material change in the creditworthiness of Shipper or its guarantor (if any)), Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Product in Carrier's possession or prior to Carrier's acceptance of Shipper's Product:

(i) prepayment of all charges,

(ii) a standby irrevocable letter of credit (in a form, amount, and term, and issued by a financial institution reasonably acceptable to Carrier) at Shipper's expense in favor of Carrier, or

(iii) a guaranty issued on behalf of Shipper in a format, amount and tenor acceptable to Carrier, if the credit of Shipper's guarantor is deemed to be acceptable to Carrier in Carrier's sole judgment. If Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper accessto Carrier's facilities or provide transportation service pursuant to this tariff until such requirement is fully met.

(c) If any amounts owed by Shipper are not paid by the due date stated on the invoice, Carrier shall have the right to assess a finance charge on the entire past due balance until paid in full at the rate equal to the lesser of (i) the prime rate per annum plus three percent (3%), with the prime rate being the then effective prime rate of interest published under "Money Rates" by The Wall Street Journal or (ii) the maximum interest rate allowed by law.

(d) Carrier shall have a lien on all Product in its possession belonging to Shipper, and may withhold such Product from delivery until all of such unpaid charges shall have been paid. Such lien shall take effect at the point of origin as the Product is received into Carrier's pipeline. Such lien shall secure the payment of any and all charges and fees owed to Carrier by Shipper, including but not limited to penalties, interest and late payment charges, whether or not incurred on the Product in Carrier's pipeline and whether or not invoiced. Such lien shall be in addition to any and all other rights and remedies Carrier has at law or in equity.

(e) If any such charges or fees owed to Carrier by Shipper shall remain unpaid for ten (10) days after the date set for payment in Carrier's invoice to Shipper, or, in the absence of unpaid charges, when there shall be a failure to take redelivery of the Product at the point of destination, Carrier shall have the following options, in its sole discretion:

(i) Carrier may sell Shipper's Product in its possession for cash at public auction at its office in Houston, Texas, on any day not a legal holiday, not less than forty-eight (48) hours after publication of a notice in a daily newspaper in Houston, Texas, of the time and place of sale and the specifications and quantity of Product to be sold. Carrier may be a bidder and a purchaser at such sale. From the sale proceeds, Carrier may pay itself all charges, expense of notice and sale, and storage and maintenance costs, and the balance shall be held for whosoever may be entitled thereto; or

(ii) In circumstances in which Carrier has no storage facilities or other means of holding and maintaining Shipper's Product and inability to deliver (whether caused by Shipper's failure to take redelivery or caused by exercise of Carrier's lien) will cause a shutdown of a line, Carrier may, without notice but in the most commercially reasonable manner as is possible under the circumstances, dispose of Shipper's Product. If such disposal shall result in proceeds after payment of Carrier's charges and expenses, proceeds shall be held for whoever may be entitled thereto. If such disposal does not result in proceeds, Shipper and Consignee shall remain liable for all charges due to Carrier and for all expenses incurred by Carrier.

(f) Carrier reserves the right to set off any amounts owing to Carrier against any monies owed by Carrier to Shipper or any of its affiliates under this tariff, a transportation services agreement, or against any Product of Shipper in Carrier's custody. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including reasonable attorney's fees and costs incurred by Carrier.

Item 65 Application of Rates

Product transported shall be subject to the rates in effect on the date such Product is accepted for transportation by the Carrier as identified in the Carrier's Pipeline Service Rate Tariff as may be in effect from time to time.

For Product accepted for transportation from any point on Carrier's line not named in a particular tariff which is intermediate to a point from which rates are published therein, through such unnamed point, Carrier will apply the rate published therein from the next more distant point specified in such tariff. For Product accepted for transportation to any point on Carrier's line not named in a particular tariff which is intermediate to a point to which rates are published therein, through such unnamed point, Carrier will apply the rate published therein to the next more distant point specified in such tariff pending establishment of new rates.

Item 70 Liability of Carrier

(a) Carrier shall not be liable for any loss of Product as described herein or damage thereto, or delay caused by an event of Force Majeure or any act or default of Shipper or from any other cause not due directly to the negligence of Carrier. Carrier will not be liable for discoloration, contamination, or deterioration of Product transported hereunder unless directly resulting from the negligence of Carrier.

(b) In addition, the Carrier shall not be liable for any injury, disease or death of any person or damage to or loss of any property, fine or penalty, any of which is caused by the negligence, gross negligence or willful misconduct of Shipper, its affiliates or any of their respective employees, representatives, agents or contractors in shipment of Product under this tariff or the handling, storage, transportation or disposal of any of the Product herein described.

(c) In no event shall Carrier be liable to Shipper for consequential, punitive, special, incidental or exemplary damages, or for loss of profits or revenues incurred by Shipper or its affiliates that arise out of or relate to shipments of Product under this tariff, regardless of whether any such claim arises under or results from contract, tort, or strict liability.

Item 75 Liability of Shipper

As a condition precedent to Carrier's acceptance of Product for transportation under this tariff each Shipper agrees to indemnify and save Carrier harmless from any loss, claims, or damages (including but not limited to consequential damages and attorneys' fees and costs) for injury or death of any person and for damage to property of carriers, Shipper, Consignee and/or third party resulting from or arising out of (1) any breach of any provision of this tariff by Shipper, his Consignee, his agents, employees or representatives; (2) the negligence of Shipper, his Consignee, his agents, employees or representatives; (3) the injection of contaminants of any kind by Shipper, his Consignee(s) or consignors, his agents, employees or representatives into the Carrier's pipeline, and/or (4) failure of Shipper's Product delivered or accepted for transportation to meet Carrier's specifications.

Item 80 Claims Against Carrier; Time Limitation

As a condition precedent to recovery for loss, damage, delay or mis-delivery, claims must be filed in writing with Carrier within nine (9) Months after delivery of Product, or in case of failure to make delivery, within ten (10) Months after receipt of the Product from Shipper by Carrier, and suits must be instituted against the Carrier within two (2) years from the day when Carrier gives notice to the claimant that Carrier has disallowed the claim or any part thereof specified in

the notice of claim. If claims are not filed or suits are not instituted thereon in accordance with these provisions, Carrier win not be liable and claimant may not recover from Carrier.

Item 85 Prorationing of Pipeline Capacity

When Carrier receives more Nominations in a Month for transportation of Product on Carrier's pipeline system than Carrier is able to transport, Carrier shall allocate the System Capacity under the provisions of this Item 85.

System Capacity will be allocated among Committed Shippers as a class and Uncommitted Shippers as a class; any remaining System Capacity will be allocated in accordance with the provisions of Item 85(C). Such allocation may be based on Nominations exceeding System Capacity at a given Origin Point or Destination Point, and/or a given segment of Carrier's pipeline system.

A. Allocation to Committed Shippers.

(1) Except as provided in Item 85(A)(2), Carrier shall allocate each Committed Shipper an amount of System Capacity equal to the lesser of the average monthly throughput for such shipper during the prior 12- month period or its Minimum Volume Commitment. If a Committed Shipper nominates volumes in excess of its Minimum Volume Commitment in a Proration Month, then the excess incremental volumes shall be subject to prorationing under Item 85(C) below.

(2) If an event of Force Majeure or other operational issue causes System Capacity to be reduced for the Proration Month, the allocation of System Capacity to each Committed Shipper under this Item 85(A) shall be reduced by the same percentage as the reduction in System Capacity that is caused by the Force Majeure event or operational issue. Carrier will reduce the allocations of System Capacity to each Committed Shipper affected by such Force Majeure event by the same percentage as the reduction in capacity of the affected portion of the System or the reduction in receipt or delivery capability of the affected Origin Point or Destination Point, respectively and as applicable.

B. Allocation to Uncommitted Shippers.

Following the allocation of System Capacity set forth in Item 85(A) above, Carrier shall next allocate at least 5% of the remaining System Capacity on Carrier's System among all Uncommitted Shippers in the following manner:

(1) Each Uncommitted Shipper shall be allocated an amount of System Capacity in the Proration Month that is equal to:

(a) its Nomination, if the total volume Nominated by all Uncommitted Shippers is less than or equal to five percent (5%) of System Capacity on Carrier's System; or

(b) its pro rata share, in accordance with its Nomination, of five percent (5%) of the System Capacity on Carrier's System, if the total volume Nominated by all Uncommitted Shippers is greater than five percent (5%) of such System Capacity.

C. Remaining System Capacity.

Any remaining System Capacity not allocated through the application of Items 85(A) or (B) above shall be allocated first, pro rata, among all Committed Shippers having remaining unmet Nominations according to the amount by which such Nomination exceeds the Shipper's monthly Minimum Volume Commitment. If allocation to any Shipper pursuant to this Item 85(C) exceeds such Shipper's remaining Nomination or there remains unallocated System Capacity following this additional allocation to Committed Shippers, then the excess volume will be allocated among all other Shippers having unmet Nominations until the remaining System Capacity is fully allocated or all of the remaining Nominations have been fulfilled.

D. Basis for Allocation.

When prorationing of System Capacity is in effect:

(1) Carrier shall allocate System Capacity on a Monthly basis; and

(2) Carrier will use reasonable efforts to notify each Shipper of its allocation no later than the first working day of the Proration Month.

E. Reallocation of Unused Allocated System Capacity.

If a Shipper does not use the portion of System Capacity allocated to it under this Item 85 at the times and in the amounts designated by Carrier, Carrier shall have the right to use Shipper's unused portion of System Capacity to fulfill the unmet Nominations of other Shippers.

F. Failure of Uncommitted Shipper to Use Allocated System Capacity.

(1) Except as provided in Item 85(F)(2) below, an Uncommitted Shipper that fails to use all of its allocated System Capacity during a Proration Month shall have its allocation of System Capacity reduced in each subsequent Proration Month until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated System Capacity and shall be reallocated among other Shippers in accordance with Item 85(E). Any such reduction shall not relieve any Committed Shipper of its obligation to pay deficiency payments pursuant to a transportation services agreement with Carrier.

(2) Reduction of an Uncommitted Shipper's allocation for failure to use its allocated System Capacity during a Proration Month may be waived, in whole or in part, if Carrier determines that Shipper's failure to use all or some of its allocated System Capacity was due to a Force Majeure.

Item 90 Pipeage Contracts Required

A proposed Shipper may be required to execute a separate pipeage contract (including without limitation a transportation services agreement) covering further details of the transportation before any duty of transportation shall arise; provided, however, that in the event of any conflict between the provisions of the tariff and the terms of any such contract, the provisions of this tariff shall control.

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

RAILROAD COMMISSION OF TEXAS PROVISIONS

The Railroad Commission of Texas Tariff Requirements identified in 16 Texas Administrative Code § 3.71(20) are incorporated herein by reference. To the extent that any matter in the Texas Tariff Requirements is addressed with greater specificity in the foregoing Rules of General Application, such Rules of General Application shall govern the rights and obligations of Carrier and Shipper hereunder.