

**POPB NM Crude II LLC**  
**PRORATION POLICY – FERC 2**

Dated: **November 1, 2023**

During a month in which the total Nominations submitted for gathering on the System exceed the capacity of the System, System capacity will be prorated equitably among all Producers as follows:

**A. Definitions:**

Terms used in this Proration Policy but not defined herein shall have the meaning given in Gatherer's Federal Energy Regulatory Commission Rules and Regulations Tariff No. 2.0.0 as it may be revised or supplemented from time to time.

**"Base Period"** is the 12 calendar month period immediately preceding the Calculation Month.

**"Base Shipment Percentage"** for each Regular Producer is the total deliveries of crude petroleum by the Regular Producer during the Base Period to all destinations on the System divided by the total deliveries to all destinations on the System during the Base Period.

**"Calculation Month"** is the calendar month immediately preceding the Proration Month.

**"Current Nomination Basis"** means that the portion of capacity available to New Producers will be allocated among all New Producers in proportion to the volumes of crude petroleum Nominated by each New Producer for the Proration Month in accordance with Gatherer's Rules and Regulations.

**"New Producer"** means any Producer that is not a Regular Producer.

**"Proration Month"** is the calendar month for which capacity is being prorated.

**"Regular Producer"** means a Producer that has shipped crude petroleum through the System during each of the 12 calendar months of the Base Period.

**B. Proration Procedure:**

This proration policy will be used by Gatherer to allocate capacity among all Producers for any month for which Gatherer determines, in its sole discretion, that the aggregate volume of crude petroleum that all Producers Nominate to all destinations on the System exceeds capacity. System capacity shall be allocated among Producers using the following procedure:

1. Up to 10 percent (10%) of capacity shall be made available to New Producers and will be prorated among them on a Current Nomination Basis. After the allocation of the portion of capacity to New Producers that is required under this paragraph, the remaining portion of capacity for the Proration Month shall be available to Regular Producers who have Nominated volumes for the Proration Month.

2. Such remaining portion of capacity shall be allocated among Regular Producers in proportion to their Base Shipment Percentages. In the event that the capacity that would be allocated to a Regular Producer on the basis of its Base Shipment Percentage is greater than the volume the Regular Producer Nominates, the difference between its capacity calculated on the basis of its Base Shipment Percentage and its volume Nominated will be reallocated among all other Regular Producers, up to each Regular Producer's Nomination, in proportion to each Regular Producer's Base Shipment Percentage.
3. In the event there is remaining capacity after allocating capacity to Regular Producers, such remaining capacity shall be allocated to all Producers in proportion to each Producer's unmet Nomination until all System capacity is allocated or no unmet Nominations remain.

After Gatherer completes the proration procedure, the scheduler will notify each Producer of its confirmed allocated capacity. Gatherer will accept only good faith Nominations from Producers, and Gatherer shall use whatever reasonable means necessary to determine whether Nominations are made in good faith. Good faith means the non-contingent ability and willingness of Producers to deliver to Gatherer at the origin(s) specified in the Nomination all of the barrels Nominated during the month for which the Nomination is made.