

**Plains Pipeline, L.P. ("Carrier")  
Pipeline Proration Procedures**

**Dated: July 1, 2019**

When there shall be nominated to Carrier, for transportation, more Crude Petroleum than can be immediately transported on a line segment, Carrier shall allocate the available capacity of the line segment, which shall include any Released Capacity on such line segment, among Shippers on an equitable basis. Line segments will be prorated separately if necessary.

- (a)** When System capacity will be prorated.
1. When it is determined that insufficient capacity is available to accommodate all valid timely and properly submitted Nominations, Carrier will notify via electronic mail, telephone, facsimile, electronic bulletin posting, or other appropriate method as selected by the Carrier, each Shipper that has tendered a Nomination ("Initial Nomination") for the allocated line segment or facility. Each allocated Shipper will have an opportunity to submit a revised Nomination for the month, which revised Nomination must be equal to or less than the Shipper's Initial Nomination ("Revised Nomination"). A Shipper must submit a Revised Nomination to Carrier within 24 hours of Carrier notifying the Shipper of the opportunity to submit a Revised Nomination. If a Shipper does not submit a Revised Nomination within such 24-hour time period, the Shipper's Initial Nomination shall be deemed to be its Revised Nomination.
  2. If the total Revised Nominations still exceed the available capacity for the month, Carrier shall allocate the available capacity for such month (the "Proration Month") to all Shippers based on Revised Nominations for the Proration Month and the provisions set forth in these Pipeline Proration Procedures.
  3. No individual Shipper Nomination shall be considered beyond the physical capacity of the Pipeline or the amount that the nominating party has readily accessible for shipment. Furthermore, Carrier will not consider any Nomination submitted by a New Shipper that exceeds the New Shipper Capacity of the Pipeline. Nominations in excess of these limits will be reduced accordingly.
  4. Following the allocation process set forth in these Pipeline Proration Procedures, Carrier will notify each Shipper of (i) Shipper's maximum allocated capacity on an aggregate, segment-by-segment basis ("Allocated Capacity") and (ii) Shipper's default allocated capacity on an individual, nomination-by-nomination basis (the "Default Nomination"). Each Shipper must then submit a new nomination confirming to Carrier, within 24-hours of receiving these amounts, the amount of Crude Petroleum that the Shipper intends to ship during the Proration Month ("Final Nomination"), which amount must be equal to or less than its Allocated Capacity, on a segment-by-segment basis, and which may include movements for additional origin points and destination points within the segments covered by the Allocated Capacity. If a Shipper does not submit a Final Nomination within such 24-hour time period, the Shipper's Default Nomination shall be deemed to be its Final Nomination. If the total Final Nominations are less than the available capacity for the month, Carrier shall first notify Regular Shippers of the remaining available capacity. The remaining available capacity will then be allocated to Regular Shippers in the order of receipt of revised Final Nominations, until the remaining available capacity is fully allocated. If there remains available capacity after such allocation to Regular Shippers, Carrier shall next notify New Shippers of the remaining available capacity and shall allocate such remaining capacity to New Shippers in the order of receipt of revised Final Nominations, until the remaining available capacity is fully allocated.
- (b)** Space in each segment will be allocated among "Regular Shippers" and any "New Shippers" as follows:
1. New Shippers shall be allocated up to a total of five percent of the available line segment capacity ("New Shipper Capacity"), except that in any month for which Carrier is allocating capacity on a System, the capacity allocated to a Regular Shipper shall not be reduced by more than 10 percent of the Regular Shipper's Base Period shipments. Each New Shipper will be allocated its Revised Nomination (on a barrel per day basis), but in no event more than a maximum of one percent of the available line segment capacity. If the total allocation among all New Shippers would exceed five percent of the available line segment capacity, then each New Shipper's allocation will be

reduced on a pro rata basis (using nominated volumes) so that the allocations to all New Shippers in the aggregate do not exceed five percent of the line segment capacity. provided however, that if such pro rata allocation in a given month does not result in each New Shipper being allocated the monthly minimum volume set forth in any tariff making reference hereto (the 'Minimum Nomination Allocation'), then Carrier will administer the lottery process set forth below.

### **Lottery Process**

- a. Carrier will use a software-generated random number process to randomly assign each New Shipper a number. New Shippers who have both (i) a Revised Nomination in the current Proration Month, and (ii) a Revised Nomination in each of the prior 12 consecutive months, but who have not received Allocated Capacity in any of those 12 months ("Tier 1 Eligible New Shippers") will be ordered sequentially starting with the random number closest to zero. Next, all New Shippers who have both (i) a Revised Nomination in the current Proration Month, and (ii) a Revised Nomination in the last Proration Month, but who were not allocated capacity in such month ("Tier 2 Eligible New Shippers") will be ordered sequentially starting with the random number closest to zero. Finally, all remaining New Shippers ("Tier 3 Eligible New Shippers") will be ordered sequentially starting with the random number closest to zero.
  - b. The Tier 1 Eligible New Shipper with the lowest number will receive the first Minimum Nomination Allocation for the applicable Proration Month. Thereafter, Minimum Nomination Allocations will be allocated to Tier 1 Eligible New Shippers sequentially, from the lowest assigned number to the highest assigned number, until either the New Shipper Capacity is fully allocated (other than any final portion that is less than a Minimum Nomination Allocation) or all of the Tier 1 Eligible New Shippers have received Allocated Capacity equal to the Minimum Nomination Allocation.
  - c. If all Tier 1 Eligible New Shippers receive a Minimum Nomination Allocation and there is remaining New Shipper Capacity, then the Tier 2 Eligible New Shipper with the lowest number will receive a Minimum Nomination Allocation for the applicable Proration Month. Thereafter, Minimum Nomination Allocations will be allocated to Tier 2 Eligible New Shippers sequentially, from the lowest assigned number to the highest assigned number, until either the New Shipper Capacity is fully allocated (other than any final portion that is less than a Minimum Nomination Allocation) or all of the Tier 2 Eligible New Shippers have received Allocated Capacity equal to the Minimum Nomination Allocation.
  - d. If all Tier 2 Eligible New Shippers receive a Minimum Nomination Allocation and there is remaining New Shipper Capacity, then the Tier 3 Eligible New Shipper with the lowest number will receive a Minimum Nomination Allocation for the applicable Proration Month. Thereafter, Minimum Nomination Allocations will be allocated to Tier 3 Eligible New Shippers sequentially, from the lowest assigned number to the highest assigned number, until either the New Shipper Capacity is fully allocated (other than any final portion that is less than a Minimum Nomination Allocation) or all of the Tier 3 Eligible New Shippers have received Allocated Capacity equal to the Minimum Nomination Allocation.
  - e. Any New Shipper Capacity that remains after completion of the lottery process steps a-d contained herein shall be allocated equally among each New Shipper that received a lottery allocation in that month until the nominations of those New Shippers are fully satisfied.
  - f. Following the completion of the lottery process, Carrier will notify New Shippers as to whether or not they were allocated capacity in that month.
2. Any capacity that remains after completion of the allocation of the New Shipper Capacity shall be allocated among Regular Shippers in proportion to their Base Period shipments.

**(c)** The "Base Period" is a period of 12 months beginning 13 months prior to the Allocation Month and excluding the month preceding the Allocation Month. A "Regular Shipper" is any Shipper having a record of movements in the line segment being prorated, during the Base Period, except that a New Shipper must have a record of movements on a particular line segment for twelve (12) consecutive calendar months before it will become eligible to be classified as a Regular Shipper on such line segment. A "New Shipper" is a Shipper who is not a Regular Shipper. In no event will any portion of Allocated Capacity to a New Shipper be used in such a manner that it will increase the Allocated Capacity

of another Shipper beyond the Allocated Capacity that Shipper is entitled to under the provisions stated in these Pipeline Proration Procedures. Carrier may require written assurances from responsible officials of Shippers regarding use of Allocated Capacity stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make its Allocated Capacity available to another Shipper, or in the event any Shipper shall receive and use any Allocated Capacity from a New Shipper, then, in the month following discovery of such violation, the Allocated Capacity of a New Shipper will be reduced to the extent of the excess capacity made available and the Allocated Capacity of a Shipper will be reduced to the extent of excess capacity used.

**(d)** If a Shipper fails to tender Crude Petroleum in a Proration Month that is at least equal to ninety-five percent (95%) of its total Default Nominations for such month, Carrier shall apply the Non-Performance Penalties to the Shipper; provided, however, that for good cause shown, including Force Majeure events and operational constraints on Carrier's system, Carrier may waive the Financial Non-Performance Penalty and /or the Volumetric Non-Performance Penalty on a non-discriminatory basis.

For purposes of this Item (d), hereof, the following terms have the meanings specified below:

1. "Non-Performance Penalties" means the Financial Non-Performance Penalty and the Volumetric Non-Performance Penalty.
2. "Financial Non-Performance Penalty" means an amount equal to the product of (i) the applicable tariff multiplied by (ii) the difference between the Shipper's total Default Nominations for the Proration Month and the amount of Crude Petroleum that Shipper actually tenders in the Proration Month ("Deficient Barrels").
3. "Volumetric Non-Performance Penalty" means that the Carrier will reduce the Shipper's Allocated Capacity for the succeeding month to be scheduled, which is the month that occurs two months after the month of the non-performance by Shipper (the "Penalty Month"), by the amount of the Deficient Barrels, provided that this Volumetric Non-Performance Penalty will only be applied by Carrier if apportionment is necessary in the Penalty Month. Carrier shall reallocate any volumes made available by imposition of the Volumetric Non-Performance Penalty to all Shippers in accordance with the provisions of these Pipeline Proration Procedures, provided that no volumes shall be allocated to Shippers on which the Volumetric Non-Performance Penalty was imposed in the Penalty Month.