

KINDER MORGAN COCHIN LLC

LOCAL TARIFF APPLYING ON PETROLEUM PRODUCTS

GENERAL RULES AND REGULATIONS

Governing the

TRANSPORTATION

of

LIGHT HYDROCARBON LIQUIDS

by

PIPELINE

GENERAL APPLICATION

The Rules and Regulations published herein apply only under tariffs making specific reference by F.E.R.C. 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.

Issued on less than one days' notice under authority of 18 CFR § 341.14. This tariff is conditionally accepted subject to refund, pending a 30 day review period.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

[W] Change in Wording Only

[C] Cancel

[N] New

ISSUED: MARCH 31, 2008

EFFECTIVE: APRIL 1, 2008

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RULES AND REGULATIONS

1. DEFINITIONS

As used in this tariff, the following terms have the following meanings:

[N] a. "Products" means the Light Hydrocarbon Liquids listed as follows:

1. [W] Natural Gas Liquids [C] ~~Ethane~~
2. [W] Field Grade Butane [C] ~~Ethylene~~
3. Propane
4. Ethane-Propane Mix
- [N] 5. [N] Butane

[N] b. "Barrel" means forty-two (42) United States gallons at a temperature of degrees Fahrenheit

[N] c. "Cubic meter" (m³) means 264.1720 United States gallons, and 6.289811 barrels at a temperature of fifteen degrees Celsius (15° C).

[N] d. "Carrier" means Kinder Morgan Cochin LLC.

[N] e. "Shipper" means the party who contracts with Carrier for the transportation of Products under the terms of this tariff.

[N] f. "F.E.R.C." means Federal Energy Regulatory Commission.

[N] g. "Pressure" means a force per unit area measured in pounds per square inch absolute (psia) or in kilo Pascals (kPa) for metric.

[N] h. "Mass" means the measure of product in pounds (lbs) or tonnes (t) for metric.

[N] i. "Tonne" means metric designation of 1,000 kg. (kilograms) or 2204.62 lbs.

[N] j. "Gross Volume" means quantity in barrels (or metric equivalent) measured at operating temperatures and pressures.

[N] k. "Net Volume" means the quantity in barrels (or metric equivalent) corrected to a base pressure and base temperature.

[N] l. "Base Pressure" means vapor pressure of the product.

[N] m. "Base Temperature" means a temperature of 60 degrees F (or 15 degrees C for metric system).

[N] n. "Tender" means an offer by a Shipper to the Carrier of a stated quantity of Products for transportation from a specified regular receiving or injection point or points to a specified regular delivery point or points in accordance with these Rules and Regulations.

1. DEFINITIONS (concluded)

- [N] o. "Receiving Point" means such points as may be from the time to time specified by the Carrier in individual product tariffs.
- [N] p. "Delivery Point" means such points as may be from time to time specified by the Carrier in individual product tariffs.
- [N] q. "Injection Point" means such points as may be from time to time specified by the Carrier in individual product tariffs.
- [N] r. [N] "Contract Year" means the period between April 1 of the current year and March 31 of the following year.
- [N] s. [N] "Previous Year" means the the calendar year (January 1 through December 31) that immediately precedes the Contract Year.
- [N] t. [N] "Consignee" means the party who contracts with a Shipper to receive product from the Carrier's pipeline.

2. COMMODITY

This tariff covers the transportation of Products by pipe line and no commodity other than Products noted herein will be transported under this tariff.

3. ORIGIN AND DESTINATION

- a. Products will be accepted for transportation at Receiving or Injection Points only when consigned to one or more Delivery Points.
- b. Products will be accepted for transportation only when the Shipper has made provision for the necessary storage and other facilities at Receiving, Injection and Delivery Points satisfactory to the Carrier
- c. The Carrier shall not be responsible for Products that cannot be delivered as specified by the Shipper due to any regulatory intervention.

4. SPECIFICATIONS AS TO QUALITY

- a. Products will not be [W] accepted [C] ~~received~~ for transportation that are not in a liquid state. The Carriers will specify the delivery pressure but it shall not exceed 1,440 psia. The temperature shall not exceed a maximum of 80 Fahrenheit.
- b. Products will not be accepted for transportation which contain impurities or have characteristic which do not meet Product specifications as stated in individual product tariffs.
- c. The Shipper shall, if requested by the Carrier, provide and inject corrosion inhibitor compound into Products to be transported. Corrosion inhibitors shall not be injected by the Shipper into the Products prior to transportation without the express consent of the Carrier.
- d. The Shipper may be required to furnish Carrier with a certificate setting forth the specifications of each shipment or Products delivered to the Carrier.

5. SEGREGATION AND CHANGES IN QUALITY

- a. Products tendered for transportation will be received by the Carrier only on the condition that they shall be subject to such changes in gravity, vapour pressure, or quality while in transit as may result from the transportation thereof or the mixture of said Products in the pipe line.
- b. The Carrier shall be under no obligation to make delivery of the identical Products received.
- c. Notwithstanding the provisions of subsections (a) and (b) of this section, if Products are of a kind or quality not being currently transported through the Carrier's facilities, the Carrier will at the request of the Shipper and to the extent permitted by its existing facilities and Products being transported, endeavor to segregate such Products during transportation; provided that in such instances the Carrier may require the Shipper, to make Products available in quantities and at times as may be necessary to permit such segregated movement, and to reimburse the Carrier for costs above those covered by the tariff.

6. TENDERS AND QUANTITIES

- a. Shippers desiring to Tender Products for transportation shall Tender to the Carrier in writing (Notice of Shipment) a separate Tender for each calendar month on or before the fifteenth (15) day of the preceding month, and shall specify the vapour pressure and specifications of the Products to be shipped.
- b. The Shipper shall also provide the Carrier by the fifteenth (15) day of the months of February, May, August and November, an estimate of the average daily quantities to be tendered in the following four months and specify the vapour pressure of the Products to be transported.
- c. A Tender will be accepted only when the total quantity covered thereby will be made available for transportation within said calendar month at a delivery rate, in quantities, and at times specified by the Carrier except as hereunder provided.
- d. The Carrier will specify a delivery rate and quantity that will permit individual shipments or batch sizes of not less than 50,000 barrels (8,000 cubic meters).
- e. The Carrier may [C] ~~at its discretion and~~ if operating conditions permit, accept for transportation Products in volumes or less than the minimum batch size. If lesser quantity is accepted, it may be delayed at the Carrier's election until the minimum [N] quantity for a batch is available.
- f. Products will be accepted at Injection Points if they may be injected directly into a compatible batch of Products by use of equipment provided by the Shipper and at rates and pressures as specified by the Carrier.

7. EXPORT OF PRODUCT

- [N] a. Where Products are destined for export it shall be the responsibility of the Shipper to obtain the required permits or licenses from the appropriate agencies prior to acceptance of the Product by the Carrier.
- [N] b. The Shipper shall be required to produce evidence of such permits or licenses upon request. If duties or other charges arise therefrom, it shall be the responsibility of the Shipper to pay and clear same prior to delivery to Carrier.

8. APPLICATION OF RATES

Products which are accepted for transportation shall be subject to the rates in effect on the delivery of such Products by the Carrier at Delivery Points, irrespective of the date of Tender or date of receipt into the system.

9. PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

- [N] a. The Shipper shall pay all applicable transportation and other lawful charges accruing on Products accepted and received by the Carrier for transportation, on the basis of quantity delivered to a Delivery Point, and if requested by the Carrier shall pay the same before acceptance and/or delivery of the Product.
- [N] b. The Carrier shall have a lien on all Products in its possession belonging to the Shipper to secure the payment of any and all unpaid transportation or other lawful charges that are due the Carrier, that are unpaid by Shipper, and may withhold such Products from delivery until all unpaid charges shall have been paid.
- [N] c. If said charges remain unpaid ten (10) days after notice and demand therefore, the Carrier shall have the right, through an agent, to sell such Products at public auction at the office of the Carrier.
- [N] d. In [W] Houston, Texas [C] ~~Calgary, Alberta, Canada~~, on any day not a legal holiday, on and not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in said city, stating the time, place of sale and the quantity and location of Products to be sold.
- [N] e. At said sale, the Carrier shall have the right to bid and, if the highest bidder, to become the purchaser.
- [N] f. From the proceeds of said sale transportation and all other lawful charges incident to said sale will be paid and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

10. MEASURING, TESTING AND DEDUCTIONS

- [N] a. Products Tendered for transportation shall be measured by appropriate mass and gross volume measurement equipment at points of receipt and destination and tested by a representative of the Carrier.
- [N] b. Method of measurement shall be in accordance with accepted industry standards for the product transported.
- [N] c. The Shipper or consignee may be present or represented at such measuring and testing. A representative of the Carrier shall have the right to enter upon the premises where such Products are received or delivered and have access to any and all storage receptacles or meters for the purpose of measuring and testing and to make any examination, inspection, measurement or test required.
- [N] d. A deduction of ½ of 1% will be made by the Carrier to cover losses inherent in the transportation of Products by the pipe line.

11. EVIDENCE OF RECEIPTS AND DELIVERIES

- [N] a. Products received from and delivered to the Shipper shall, in each instance, be evidenced by records showing mass and gross volumes received and delivered. Such records shall be jointly examined by representatives of the Carrier and the Shipper, as appropriate.
- [N] b. Accumulative mass and gross volume measurement readout display will also be located at all Custody Transfer Points for each individual Product shipped.
- [N] c. A Report produced by automatic record printing equipment will take place at the [W] Houston Control Center [C] ~~Calgary Control Centre~~ including conversion of gross volume to net volume. This Report shall constitute full receipt for the Products received or delivered.

12. INTERFACE

The operations of the pipeline [W] may [C] ~~will~~ result in an interface of commingled Product between shipments of different Products. The Carrier shall operate the pipeline so as to be able to redeliver to the Shipper the maximum percentage of Product delivered by the Shipper. With respect of the remainder of the Product which is in the interface the Carrier reserves the right to either replace the Product or reimburse the Shipper for the Shipper's cost of this Product lost.

13. DELIVERY AND ACCEPTANCE

The Carrier will transport Products with reasonable diligence and dispatch and Shipper shall, upon 24 hours notice, accept and remove its shipment from delivery facilities of the Carrier with reasonable diligence and dispatch.

14. LIABILITY OF SHIPPER

If the Products are not removed from Carrier's facilities and a disruption of Carrier's operation results, Shipper causing such disruption shall be completely and absolutely liable for all costs associated with such disruption, including loss of revenue resulting therefrom.

15. LIABILITY OF CARRIER

The Carrier in possession of any of the Products herein described shall not be liable for any loss thereof, damage thereto or delay caused by fire, storm, flood, epidemics, Acts of God, riots, insurrection, rebellion, sabotage, strikes, labour disturbances, shortage of labour or breakdown of transportation or storage facilities, war, or the acts of the Queen's enemies or public enemies of the United States, or from quarantine, or authority of law or from any order, requisition, interest or necessity of the Government of the United States or of Canada, or any state or province, county or municipal government, or any action on behalf of any government by quasi-judicial boards or other such bodies of competent jurisdiction, default of the owner, Shipper, or from any cause whatsoever, whether enumerated herein or not, except its own direct gross negligence.

In case of loss of Products while in the custody of the Carrier from any such causes, other than the direct gross negligence of the Carrier, each Shipper of Products shall participate in such loss in direct proportion to his current monthly requested deliveries of Products to Regular Delivery Points past the location at which the loss occurs; provided, however, that if such loss occurs in such a manner that it is possible to ascertain the ownership of the Products so lost, the full loss shall be charged against the Shipper having ownership. In either event, each Shipper shall be entitled to have delivered only that portion of this shipment as may remain after deduction of this proportion of such loss and will be required to pay charges only upon the quantity of Product delivered.

16. APPORTIONMENT WHEN CURRENT OFFERINGS ARE IN EXCESS OF FACILITIES

- a. When, pursuant to Notices of Shipment hereunder, there shall be offered to the Carrier more Product than can be immediately transported, the transportation shall be apportioned by the Carrier among all Shippers on an equitable basis.
- [N] b. [N] Calculations for the Line Fill Program (Item 20) will serve as the basis for pipeline allocations in the coming Contract Year for purposes of apportionment of transportation services among Shippers.

17. DIVERSION AND RECONSIGNMENT

Diversion or reconsignment but only to a posted Delivery Point, may be made without charge if requested in writing by the Shipper, giving sufficient time to the Carrier, prior to delivery at original destination, subject to the rates, rules and regulations applicable from original reception point to final delivery point, upon condition that no out-of-line or backhaul movement will be made.

18. PRODUCTS INVOLVED IN LITIGATION AND LEGALITY OF SHIPMENT

Shipper shall warrant clear title of all products tendered to the Carrier. Products which are in any way involved in litigation, or the ownership of which may be in dispute, or which are encumbered by a lien or charge of any kind, will not be accepted for shipment unless and until the Shipper shall furnish a bond or other form of indemnity satisfactory to the Carrier protection it against any liability or loss arising as a result of such litigation, dispute, lien or charge.

19. CLAIMS, SUITS AND TIME FOR FILING

As a condition precedent to recover, claims for loss, damage or delay in connection with the shipment of Products Tendered for shipment under the terms of this tariff must be filed in writing with the initial or delivering Carrier within one (1) month after delivery of the Products, or, in the case of failure to make delivery, then within one (1) month after a reasonable time for delivery has elapsed; and suits arising out of such claims must be constituted against the Carrier within six (6) months from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice. In causing Products to be transported under this tariff, the Shipper agrees to be bound by provisions of this clause and waive any rights which they or either of them might otherwise have, at common law or otherwise, to make a claim after the expiration of the said period of one (1) month or to bring an action after the expiration of the said period of six (6) months.

20. [N] LINE FILL PROGRAM

- a. Carrier has developed a Line Fill Policy which covers Shipper line fill inventory responsibilities. On an annual basis, Shipper shall select which line fill option they wish to use for the specified year as further detailed in Carrier's Line Fill Policy dated April 1, 2008.
- b. A copy of Carrier's Line Fill Policy is located on Carrier's website using the following procedures:
 - Access Website www.kindermorgan.com
 - Select "Businesses/Customers".
 - Select "Product Pipelines".
 - Select "Mid-Continent Operations".
 - Select "Cochin System".
 - Select "Kinder Morgan Cochin LLC (US)".
 - Select "Line Fill Policy".
- c. In order to assure the ongoing integrity of a system that allows Shipper a choice, Carrier will not allow any potential collusion among Shippers, affiliates or consignees, whether or not intentional, to circumvent compliance with this line fill inventory program as further detailed in examples in Carrier's Line Fill Policy.