KINDER MORGAN COCHIN ULC
LINE FILL POLICY
(April 1, [W] 2011 ~~2010~~)

1. PURPOSE

a. Kinder Morgan Cochin ULC "KM Cochin" is updating the Shipper line fill inventory responsibilities under the Line Fill Policy for the [W] 2011-2012 ~~2010-2011~~ Contract Year. This Line Fill Policy is specifically designed for the pipeline as it currently operates, where propane is the only product being shipped in the pipeline in a continuous flow process. In the event KM Cochin decides to transport products in the pipeline in addition to propane (i.e., multiple products) the Policy will be revised or terminated upon 30-day written notice at which time KM Cochin will file a new or revised Policy.

b. While Shippers have always borne responsibility for the line fill, the purpose of this program is to eliminate Shipper concerns that: 1) in the absence of a robust line fill program, a disproportionate share of a Shipper's barrels could become "trapped" in the pipeline 2) utilizing the pipeline assets for storage may create a disadvantage for some Shippers and 3) the process by which Shippers can withdraw product from the terminals is not ratable.

2. OPERATIONAL OVERVIEW

a. Shippers will begin the month and end the month with pipeline inventory equal to their line fill commitment [C] ~~(10% tolerance, independent for East and West)~~.

b. The Carrier (KM Cochin) will provide West [N] and East Leg terminal inventory [C] ~~consisting of approximately 85,000 barrels~~, which inventory is separate and distinct from the line fill under this policy. [C] ~~The Carrier (KM Cochin) will provide East Leg terminal inventory consisting of 30,000 barrels, which inventory is separate and distinct from the line fill under this policy. Total combined West Leg and East Leg terminal inventory provided by Carrier is 115,000 barrels.~~

c. Shippers must nominate only the volume of product they intend to withdraw from the terminals or deliver to a 3rd party terminal or connecting pipeline carrier for the coming month.

d. As part of the line fill inventory program, the operation of the KM Cochin pipeline is divided into two segments. The West Leg segment extends from Fort Saskatchewan, Alberta to New Hampton, Iowa (1,100,000 barrel line fill). The East Leg segment extends from New Hampton, Iowa to Windsor, Ontario (400,000 barrel line fill). The two segment operation has been in place since the Summer of 2008.

e. As presented in the tariff, Shipper nominations are due by the [W] 16th ~~15th~~ of the preceding month to West Leg Terminals, Regina, East Leg destinations and connecting pipeline carriers.

f. After receipt of all nominations submitted by the [W] 16th ~~15th~~ of the preceding month, KM Cochin will advise the Shippers of the acceptance, required adjustments or denial of their nomination by the 25th of the preceding month.

g. Shippers may submit late nominations subject to approval by KM Cochin [N] as well as the approval of any third party origin and destination points. [C] ~~Late injection nominations that are submitted prior to the 20th of the preceding month may be eligible for overdraw participation. For late injection nominations submitted after the 20th of the preceding month, the Shipper will have access to the product the date on which the pipeline flow rate is increased.~~

h. On or before the end of the 5th business day of the immediate month, the Shipper's final previous monthly inventory will be adjusted according to final end of month injection custody transfer tickets. The Shipper will then have an opportunity to adjust their current monthly injection nomination accordingly.

i. KM Cochin will monitor all Shipper activity on a daily basis to ensure every Shipper maintains a balanced position. Shippers building excess inventory or sustaining negative inventory positions will be advised to adjust their nominations accordingly.

j. Carrier (KM Cochin) will accept product for transportation in reliance upon Shipper's representations as to acceptance at destination. As a result of any failure to accept such product at the destination, Carrier shall have the right to divert product to alternative storage, reconsign or make whatever arrangements for disposition of the product it deems appropriate to clear Carrier's pipeline facilities at the Shipper's cost including the sale of the Shipper's product at current market rates.

k. Shipper shall be assessed a tariff rate for all movements on the KM Cochin pipeline inclusive of clearing and diversion movements. A copy of the tariffs can be found on the Carrier's website at www.kindermorgan.com.

3. SHIPPER CHOICE

a. The KM Cochin line fill program allows individual Shipper choice to select from the following options. Annually, each Shipper will choose from at least two options:

   i. (Option 1) Shipper to provide a pro rata share of line fill inventory.

      (1) Shippers that select this option may begin providing their pro rata line fill inventory share into the KM Cochin pipeline on April 1 of the Contract Year and must complete the delivery of their pro rata share of line inventory no later than September 1 of the Contract Year.

      (2) Any volume remaining in the KM Cochin system at the end of the prior Contract Year (March 31st) up to an amount equal to the Shipper's pro rata line fill inventory obligation for the coming Contract Year will be offset against that Shipper's line fill inventory obligation for the coming Contract Year.

      (3) If the Shipper elects to remain an Option 1 Shipper and his pro rata responsibility for the coming Contract year: (1) requires more barrels than the prior Contract Year, Shipper will have until September 1 to inject any balance owed to their line fill commitment; or (2) requires fewer barrels than the prior Contract Year, Shipper would be given access to the difference in their Line Fill Commitment [W] at Carriers earliest opportunity, but before ~~on a ratable basis starting April 1 and ending~~ September 1.

      (4) Once the complete line fill inventory complement for that Shipper has been established; absent any qualifying overdraws referenced in Paragraph 7, in the pipeline it must remain in the KM Cochin pipeline until the end of the Contract Year.

   ii. (Option 2) Shipper shall increase its cumulative tariffed revenue and liftings at KM Cochin terminals and delivery points during the immediate Contract Year by at least fifty percent (50%) over the calendar year that completed in the December prior to April 1 of the immediate Contract Year. KM Cochin will furnish at KM Cochin cost the West Leg line fill barrels for those Shippers that select the second option.

   iii. (Option 3) Shippers that elect to make deliveries to exclusively East Leg destinations. Shippers that select this option will share in the line fill requirements for the East Leg with the other [C] ~~non Option 3~~ Shippers that also make deliveries to East Leg destinations

      (1) Shippers that select this option may begin providing their pro rata line fill inventory share into KM Cochin pipeline on April 1 of the Contract Year and must complete the delivery of their pro rata share of line inventory no later than September 1 of the Contract Year.

(2) Any volume remaining in the KM Cochin system at the end of the prior Contract Year (March 31st) up to an amount equal to the Shipper's pro rata line fill inventory obligation for the coming Contract Year will be offset against that Shipper's line fill inventory obligation for the coming Contract Year.

(3) If the Shipper elects to remain an Option 3 Shipper and his pro rata responsibility for the coming Contract year: (1) requires more barrels than the prior Contract Year, Shipper will have until September 1 to inject any balance owed to their line fill commitment; or (2) requires fewer barrels than the prior Contract Year, Shipper would be given access to the difference in their Line Fill Commitment [W] at Carriers earliest opportunity, but before ~~on a ratable basis starting April 1 and ending~~ September 1.

(4) Once the complete line fill inventory complement for that Shipper has been established in the pipeline; absent any qualifying overdraws referenced in Paragraph 8, it must remain in the KM Cochin pipeline until the end of the Contract Year.

(5) Shippers selecting this option (exclusively) will not be allowed to nominate or deliver to West Leg destinations.

b. Option 3 is not available to Shippers who have deliveries to destinations on the West Leg segment.

4. CALCULATION OF A SHIPPER'S PRO RATA LINE FILL INVENTORY WEST LEG RESPONSIBILITY

a. As a condition of carriage, during the first quarter of every year, KM Cochin will provide each Shipper with an individualized summary of his total product volumes that were either lifted at KM Cochin terminals or delivered to destination points on the KM Cochin pipeline by that Shipper during the past calendar year. This volume will also be expressed as a percent of the liftings and deliveries of all Shippers during the past calendar year that will continue to do business on the KM Cochin pipeline.
b. KM Cochin will provide a calculation rounded up to the nearest thousand barrels indicating that Shipper's pro rata responsibility for the 600,000 barrel West Leg (U.S. segment) cumulative line fill inventory requirement and 500,000 barrel West Leg (Canadian segment) cumulative line fill inventory requirement for the coming Contract year.
c. A Contract Year extends from April of the current year through March of the next year while the calendar year of the prior year extends from January through December.
d. An adjustment will be made for a Shipper that acted both as a Shipper of Record as well as a consignee of a second Shipper during the prior calendar year.
e. This adjustment will only be applied to this Shipper in the event that either: 1) the second Shipper does not provide timely notice to KM Cochin that the second Shipper will continue to be a Shipper on the KM Cochin pipeline during the coming Contract year; or 2) that the second Shipper does not timely select either the "Pro Rata" share of line fill inventory option or the "take or pay 50% increase in the combined amount of destination deliveries and terminal liftings" option. If either event occurs, for purposes of the first Shipper's pro rata share of line fill inventory requirement, those corresponding volumes that were previously transported as a consignee during the prior year will be added to the first Shipper's prior total as if all his barrels were lifted as the original Shipper of Record.

f. If (1) an entity or one of its affiliates that lifted barrels from the KM Cochin terminals as a consignee of a primary Shipper of Record during the past calendar year and (2) the prior consignee, its successor or one of its affiliates now elects to become a new primary Shipper of Record for the coming Contract year, then that new Shipper, its predecessor, and its affiliates' volumes lifted during the previous calendar year as a consignee will be deemed to serve as a surrogate total amount of volume lifted by the new Shipper of Record during the past calendar year. All affiliates of a Shipper must select the same option as the Shipper.
g. Liftings and deliveries will be extrapolated to determine pro rata line fill inventory share for any Shipper that began initial operations on KM Cochin's pipeline less the fifteen months before the current Contract Year (April 1, [W] 2011 ~~2010~~) had begun.
h. Once an option is selected for a Contract Year, it cannot be changed for that Contract Year without the consent of KM Cochin. Consent will not be provided if the change would unreasonably disadvantage any other Shipper or party to a KM Cochin pipeline agreement.
i. In successive Contract Years, unless a Shipper provides KM Cochin with written notice requesting a different option choice during the annual election period but no later than July 1st; that Shipper's choice for the prior Contract year will be deemed to be that Shipper's choice in the coming Contract Year.
j. Any new entity with no previous history of any related affiliate movements on the KM Cochin pipeline that requests to become a Shipper of Record will be required to furnish a pro rata share of line fill inventory based on their proposed throughput deliveries and loadings at terminals for the Contract Year. New Shippers will not be permitted to ship at any greater throughput level during the initial year without first increasing their pro rata share of line fill inventory. A "New Shipper" means any entity that: [C] ~~(1) never previously shipped on KM Cochin pipeline; and (2)~~ has not been a Shipper of Record [C] ~~either over the rack at a KM Cochin Terminal or at any delivery point on KM Cochin pipeline~~ during the 15 months prior to the beginning of the current Contract Year.

5. OPTION 2: TAKE OR PAY COMMITMENT TO INCREASE TOTAL REVENUE FROM LIFTINGS AND DELIVERIES BY 50% WEST LEG

a. Shippers that select this option must sign a Throughput and Deficiency Agreement ("T&D Agreement") to transport as the primary Shipper of Record on the KM Cochin pipeline and take delivery or lift from KM Cochin pipeline terminals sufficient product to equal 150% of the non-FERC indexed KM Cochin calculation of the revenue generated from that Shipper's prior Calendar year liftings and deliveries during the Contract year as the primary Shipper of Record.
b. KM Cochin will furnish the line fill inventory for these Shippers.
c. A Shipper that originally elects Option 2, but subsequently fails to sign by June 30 of the Contract Year a corresponding T&D Agreement for the Contract Year, will be deemed conclusively to have changed their election to Option 1. Such Shipper must have their pro rata share of the line fill barrels delivered to KM Cochin no later than the September 1 of the Contract Year.
d. In the event that a Shipper or one of its affiliates lifted barrels during the past calendar year as both a primary Shipper of Record and also lifted barrels at a KM Cochin terminal as a consignee of another Shipper of Record, KM Cochin will provide that Shipper with a summary of the amount of barrels lifted as a consignee as well as a primary Shipper of Record. In addition to the 150% rule, the Shipper must also sign a T&D Agreement that the total revenues and volume of barrels that will be lifted or delivered to a KM Cochin destination during the Contract year will not be less than the cumulative total of revenues and of barrels lifted as either a primary Shipper of Record or as a consignee of other Shippers during the previous year.

e. In the event an entity or one of its affiliates or its predecessor that lifted barrels during the prior calendar year as a consignee of a second Shipper of Record, KM Cochin will provide that new entity with a summary of the amount of barrels that entity lifted as a consignee. Any such entity must sign a T&D Agreement to transport as the primary Shipper of Record, take delivery at, and lift from a KM Cochin pipeline terminal 150% of the amount of barrels lifted as a consignee during the prior calendar year.
f. Any shortfall in the T&D Agreement will be invoiced during the April following the completion of the contract year. The per barrel assessment for the shortfall will be equal to the average combined tariff in effect on the KM Cochin pipeline at the end of the corresponding contract year for transportation, terminal lifting as well as any applicable transfer fees and line losses that the Shipper was liable for during the completed Contract year.
g. Within the separate T&D Agreement required under Option 2, Shippers may determine upon selection the number of years, but not more than three, the Shipper will maintain the 150% level of prior ([W] 2010 ~~2009~~ as of April 1, [W] 2011 ~~2010~~). Calendar Year volumes and revenues in exchange for KM Cochin providing the pro rata share of line inventory for the same number of years.
h. A Shipper that had previously selected Option 2 for a prior year but did not meet the 150% level will not be qualified to select Option 2 for the next successive Contract Year.
i. Option 2 selections will not be allowed in the event that the additional volumes required under the 150% level would be anticipated to put the pipeline into proration for more than four months during the Contract Year.
j. Option two is not available to any Shipper who selected Option 2 for the prior Contract Year but failed to timely execute a corresponding T&D Agreement for the prior Calendar Year.
k. Option 2 is not available to any Shipper that selects Option 3.

6. CALCULATION OF A SHIPPER'S PRO RATA LINE FILL INVENTORY EAST LEG RESPONSIBILITY

a. As a condition of carriage, during the first quarter of every year, KM Cochin will provide each Shipper with an individualized summary of his total product volumes that were delivered to East Leg destination points on the KM Cochin pipeline by that Shipper during the past calendar year. This volume will also be expressed as a percent of the liftings and deliveries of all Shippers during the past calendar year that will continue to do business on the KM Cochin pipeline.
b. KM Cochin will provide a calculation rounded up to the nearest thousand barrels indicating that Shipper's pro rata responsibility for the 400,000 barrel East Leg cumulative line fill inventory requirement for the coming Contract year.
c. An adjustment will be made for a Shipper that acted both as a Shipper of Record as well as a consignee of a second Shipper during the prior calendar year.
d. This adjustment will only be applied to this Shipper in the event that either: 1) the second Shipper does not provide timely notice to KM Cochin that the second Shipper will continue to be a Shipper on the KM Cochin pipeline during the coming Contract year; or 2) that the second Shipper does not timely select either the "Pro Rata" share of line fill inventory option or the "take or pay 50% increase in the combined amount of destination deliveries and terminal liftings" option. If either event occurs, for purposes of the first Shipper's pro rata share of line fill inventory requirement, those corresponding volumes that were previously transported as a consignee during the prior year will be added to the first Shipper's prior total as if all his barrels were lifted as the original Shipper of Record.

e. If (1) an entity or one of its affiliates that lifted barrels from the KM Cochin terminals as a consignee of a primary Shipper of Record during the past calendar year and (2) the prior consignee, its successor or one of its affiliates now elects to become a new primary Shipper of Record for the coming Contract year, then that new Shipper, its predecessor, and its affiliates' volumes lifted during the previous calendar year as a consignee will be deemed to serve as a surrogate total amount of volume lifted by the new Shipper of Record during the past calendar year. All affiliates of a Shipper must select the same option as the Shipper.
f. Liftings and deliveries will be extrapolated to determine pro rata line fill inventory share for any Shipper that began initial operations on KM Cochin's pipeline less the fifteen months before the current Contract Year (April 1, [W] 2011 ~~2010~~) had begun.
g. Once an option is selected for a Contract Year, it cannot be changed for that Contract Year without the consent of KM Cochin. Consent will not be provided if the change would unreasonably disadvantage any other Shipper or party to a KM Cochin pipeline agreement.
h. In successive Contract Years, unless a Shipper provides KM Cochin with written notice requesting a different option choice during the annual election period but no later than July 1st; that Shipper's choice for the prior Contract year will be deemed to be that Shipper's choice in the coming Contract Year.
i. Any new entity with no previous history of any related affiliate movements on the KM Cochin pipeline that requests to become a Shipper of Record will be required to furnish a pro rata share of line fill inventory based on their proposed throughput deliveries and loadings at terminals for the Contract Year. New Shippers will not be permitted to ship at any greater throughput level during the initial year without first increasing their pro rata share of line fill inventory. A "New Shipper" means any entity that: [C] ~~(1) never previously shipped on KM Cochin pipeline; and (2)~~ has not been a Shipper of Record [C] ~~either over the rack at a KM Cochin Terminal or at any delivery point on KM Cochin pipeline~~ during the 15 months prior to the beginning of the current Contract Year.

7. WEST LEG OPERATIONS

a. The line fill program as applied to the West Leg of the system will include at least 1,100,000 barrels of product and will provide assurance to Shippers that properly nominated product pumped into the system at a Canadian receipt point will be expeditiously available without transit time at the West Leg terminal destinations. The Canadian portion of the West Leg line fill shall be approximately 500,000 barrels of product in the West Leg of the KM Cochin pipeline which starts at Fort Saskatchewan, Canada to the International Boundary near Maxbass, ND. The U.S. portion of the West Leg line fill shall be approximately 600,000 barrels of product in the West Leg of the KM Cochin pipeline which starts from the International Boundary near Maxbass, ND to New Hampton, Iowa.
b. Each month during the nomination process, Option 1 Shippers will choose to participate in the overdraw program or choose not to participate in the overdraw program.
c. Option 1 Shippers that participate in the overdraw program will be permitted to have an overdraw [N] <u>if operationally feasible.</u> [C] ~~equal to the Shippers line fill percentage multiplied by the maximum West Leg inventory (85,000) barrels provided by the Carrier (KM Cochin). The minimum overdraw volume for any Shipper is 1,000 barrels.~~ Shipper's inventory will be credited as product is injected into the system. Shippers are required to repay overdraws through-out the month. Failure to pay back any overdraw may result in: 1) Suspension of overdraw privileges for 90 days [N] <u>and</u> 2) Termination of Shippers ability to withdraw product from the terminals.
d. Option 1 Shippers that do not participate in the overdraw program will not be given an overdraw. The Shipper's inventory will be credited as product is injected into the system.

8. EAST LEG OPERATIONS

a. As applied to the East Leg of the system, line fill is approximately 400,000 barrels of product starting at New Hampton, Iowa to Windsor, Canada. Approximately 575 barrels (0.14%) of the East Leg line fill is in Canada. Therefore; for the purposes of this line fill policy, 100% of the East leg line fill will be considered to be in U.S. territory.

b. Contingent upon the Shipper's nomination and the pipeline injection flow rate, East Leg Shippers with deliveries scheduled for 3rd party destinations (Windsor, Riga, Iowa City, Clinton Junction) will receive product according to the schedule published by the Carrier (KM Cochin) no later than the 27th day of the month. Carrier shall provide all East Leg Shippers with a monthly schedule identifying the approximate date and time of their scheduled delivery. The Carrier will update the monthly schedule once per week (minimum) to reflect changes in operating conditions and subsequent changes to delivery dates and times.

    i. Minimum East Leg pipeline injection flow rate = Flow rate sufficient to meet West Leg terminal nominations (minimum 500 barrels per hour), + minimum 500 barrels per hour for all East Leg destinations except Iowa City (minimum 1,000 barrels per hour).

c. It is the Shipper's responsibility to ensure that East Leg 3rd Party delivery locations are capable of handling and will accept delivery as scheduled by KM Cochin.

d. Each month during the nomination process, Option 1 Shippers at the KM Cochin Terminal will choose to participate in the overdraw program or choose not to participate in the overdraw program.

e. Option 1 Shippers at the KM Cochin Terminal that participate in the overdraw program will be permitted to have an overdraw [N] if operationally feasible [C] ~~equal to the Shippers line fill percentage multiplied by the maximum East Leg terminal inventory (30,000 barrels) provided by the Carrier (KM Cochin). The minimum overdraw volume for any Shipper is 1,000 barrels.~~ Shipper's inventory will be credited as product is injected into the system. Shippers are required to repay overdraws through-out the month. Failure to pay back any overdraw may result in: 1) Suspension of overdraw privileges for 90 days [N] and 2) Termination of Shippers ability to withdraw product from the terminals.

f. Option 1 Shippers that do not participate in the overdraw program will not be given an overdraw. The Shipper's inventory will be credited as product is injected into the system.

[C] g. [C] ~~Shippers selecting Option 3 (exclusively) will not be allowed to nominate or deliver to West Leg destinations.~~

9. PROHIBITED SHIPPER ACTIVITY

In order to assure the ongoing integrity of a system that allows Shipper options, KM Cochin will not allow any activity among Shippers, affiliates or consignees, whether or not intentional, to circumvent compliance with this line fill inventory program.

Explanation of Reference Marks

Reference Mark	Explanation
[C]	Cancel
[N]	New
[W]	Change in Wording Only