

[W] KINDER MORGAN COCHIN ULC
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 N.E.B. number to this tariff; such reference will include supplements hereto and successive issues hereof. These Rules and Regulations replace previous Rules and Regulations No. 6 Supplement No. [W] 3. Specific rules and regulations published in individual tariffs will take precedence over Rules and Regulations published herein;

[W] Change in Wording [N] New [C] Cancel

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RULES AND REGULATIONS

1. DEFINITIONS

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

- [N] a. “Barrel” means 34.9723 Canadian gallons, forty-two (42) United States gallons at a temperature of 60 degrees Fahrenheit.
- [N] b. “Base Temperature” means a temperature of 60 degrees F (or 15 degrees C for metric system).
- [N] c. “Carrier” means [W] Kinder Morgan Cochin ULC [C] ~~Cochin Pipe Lines Ltd. and/or Dome Pipeline Corporation.~~
- [N] d. “Cubic meter” (m3) means 219.9692 Canadian gallons, and 6.289811 barrels at fifteen degrees Celsius (15° C).
- [N] e. “Delivery Point” means such points as may be from time to time specified by the Carrier in individual product tariffs.
- [N] f. “Gross Volume” means quantity in barrels (or metric equivalent) measured at operating temperatures and pressures.
- [N] g. “Injection Point” means such points as may be from time to time specified by the Carrier in individual product tariffs.
- [N] h. “Mass” means the measure of product in pounds (lbs) or tonnes (t) for metric.
- [N] i. “N.E.B.” means National Energy Board.
- [N] j. “Net Volume” means the quantity in barrels (or metric equivalent) corrected to a base pressure and base temperature.
- [N] k. “Pressure” means a force per unit area measured in pounds per square inch absolute (psia) or in kilo Pascals (kPa) for metric.
- [N] l. “Product(s)” means the Light Hydrocarbon Liquids listed as follows:
1. [C] ~~Ethane~~
 2. [C] ~~Ethylene~~
 3. Propane
 4. Butanes
 5. NGL’s
- [N] m. “Receiving Point” means such points as may be from time to time specified by the Carrier in individual product tariffs.

1. DEFINITIONS (concluded)

- [N] n. “Shipper” means the party who contracts with Carrier for the transportation of Products under the terms of this tariff.
- [N] o. “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.
- [N] p. “Tonne” means metric designation of 1,000 kg. (kilograms) or 2204.62 lbs.
- [N] q. [N] “Contract Year” means the period between April 1 of the current year and March 31 of the following year.
- [N] r. [N] “Previous Year” means the calendar year (January 1 through December 31) that immediately precedes the Contract Year.
- [N] s. [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 pipeline 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 [W] that [C] ~~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 (or 9900 kPa for metric). The temperature shall not exceed a maximum of 80° Fahrenheit (or +27° C for metric).
- 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.

4. SPECIFICATIONS AS TO QUALITY (concluded)

- 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 pipeline.
- 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

- [N] 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.
- [N] 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.
- [N] 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.
- [N] 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 (or 8,000 m³ for metric).
- [N] e. The Carrier may at its discretion and if operating conditions permit, accept for transportation Products in quantities of 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.
- [N] 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

- [N] a. 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.
- [N] b. The tolls of Carrier are regulated by the N.E.B. on a complaint basis. The Carrier is required to make copies of tariffs and supporting financial information readily available to interested persons. Persons who cannot resolve toll and tariff issues with the Carrier may file a complaint with the N.E.B.

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 [W] the Carrier [C] ~~Cochin Pipe Lines Ltd.~~
- [N] d. In [W] Houston, Texas [C] ~~Calgary, Alberta, Canada~~, on any day not a legal holiday, and on 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 pipeline.

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 read-out display will also be located at all custody transfer points for each individual Product shipped.
- [N] c. Automatic net volume calculations will be recorded at the Receiving Points and Delivery Points of Cochin including conversion of gross volume to net volume. This report shall constitute full receipt for the Products received or delivered.

12. INTERFACE

- [N] a. 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. [N] The Shipper of product other than propane will be responsible for all interfaces. With respect of the remainder of the Product which is in the interface the Carrier reserves the right to [C] ~~either replace the Product or reimburse the Shipper for the Shipper's cost of this Product lost.~~ [N] invoice the Shipper that is responsible for the interface. The Shipper of other product will be invoiced the (i) toll rate on both products and (ii) for the propane based on "Oil Price Information Service (OPIS) publication, prices for Conway (Propane) Average". The propane lost in the interface shall be payable at a pro-rata share to the propane Shippers.
- [N] b. [N] Propane volumes lost due to commingled Product between shipments of different Products will be credited back at pro rata shares to Shipper for propane moved in the same month that interface was generated. Propane value will be [C] ~~determined based on market value of propane on the day interface was generated~~ [N] based on "Oil Price Information Service (OPIS) publication, prices for Conway (Propane) Average". Carrier will credit Shipper for pro rata share of propane on monthly invoice.

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 Canada or of the United States or any state or province, municipal, or county 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 OFFERING ARE IN EXCESS OF FACILITIES

[N] a. Carrier may, without liability, allocate available pipeline capacity for any month in which the requested Tenders exceed the pipeline's capacity. Carrier will allocate pipeline capacity in accordance with the following procedures, proceeding to each succeeding step only if the total Allowed Tenders still exceed the available pipeline capacity.

1. Carrier will, within two working days of the receipt of all Tenders for the upcoming month, contact shippers to determine if any are willing to voluntarily reduce their Tenders.

**16. APPORTIONMENT WHEN CURRENT OFFERING ARE IN EXCESS OF FACILITIES
(continued)**

2. Carrier will review the Receiving and Delivery Points for each Tender. Tenders that must be scheduled from Injection Points or to Delivery Points such that they cause the Cochin system to operate at pipeline rates slower than 10,000 barrels per day below the calculated pipeline rate, will be prorated with up to 100 percent reduction, as required to equate the total Allowed Tenders to available pipeline capacity. Slipstream receipts and/or deliveries at reduced rates will not be prorated under this step as long as they can be scheduled to occur while the Cochin system continues to operate at the calculated pipeline rate.
3. If additional proration is required, Tenders that must be scheduled from Injection Points or to Delivery Points such that they cause the Cochin system to operate at pipeline rates slower than 1 Barrel per day below the calculated pipeline rate will be prorated with up to 100 percent reduction, as required to equate the total Allowed Tenders to available pipeline capacity. Slipstream receipts and/or deliveries at reduced rates will not be prorated under this step as long as they can be scheduled to occur while the Cochin system continues to operate at the calculated pipeline rate.
4. A Shipper whose Tender is prorated under steps 2 or 3 will be advised and may re-Tender those volumes so prorated to other non-restricted locations prior to allocation occurring under step 5.
5. If additional proration is required, the total pipeline capacity will be allocated based on the following priority:
 - [C] a. ~~[C] The lesser of 7,300 barrels per day or the actual ethylene nomination for the month by Dow Chemical Canada Inc. (“Dow”), shall be allocated to Dow.~~
 - b. Each Shipper shall be allocated the lesser of the summation of all its Allowed Tenders for the month or the average monthly volume of all shipments by that Shipper for the previous 12 months for which actual data is available. ~~[C] The volume calculated for Dow in step 5b will then be reduced by the volume allocated to Dow in step 5a. Such reduction shall not reduce the volume allocated to Dow in step 5b to less than zero.~~
 - c. Shippers will be notified by Carrier of the volume of Allowed Tenders and the volume allowed at restricted delivery or receipt points within four (4) working days after all the original Tenders are received. Shippers will have an additional two (2) working days to finalize the individual product movement scheduling allowed in Footnote iii with Carrier’s scheduling personnel.

- [N] b. [N] Calculations for the Line Fill Program (Item 20) will serve as the basis for the pipeline allocations in the coming Contract Year for purposes of apportionment of transportation services among Shippers.

**16. APPORTIONMENT WHEN CURRENT OFFERING ARE IN EXCESS OF FACILITIES
(continued)**

Footnotes:

i Allowed Tenders are those Tenders that have not been eliminated by previous steps in the allocation procedure.

[C] ii ~~[C] No Tender for ethylene shipments by Dow shall be prorated by steps 2 or 3 as long as the Product can be moved at a pipeline rate of at least 3,541.67 Barrels per hour. In the event ethylene shipments cannot make a pipeline rate of at least 3,541.67 Barrels per hour, the prorating procedure set out in steps 2 and 3 will apply.~~

iii The total allocated capacity assigned to each individual Shipper in step 5 can be utilized by that Shipper for any Product movement to or from any point as long as the movement can be scheduled to occur at the calculated pipeline rate. Any request to increase the scheduled movements for any Product in excess of the Allowed Tender for that Product by the Shipper must be approved by the Carrier's scheduling personnel. Such approval shall only be withheld in the event the revised movements can not be scheduled at the calculated pipeline rate.

~~[C] "Volume allocated to Dow under step 5a shall only be available for ethylene shipments. However, if Dow's entitlement under 5b and 5c exceeds the amount specified under 5a, then Dow shall have the same rights as all other Shippers as specified under footnote iii with respect to those volumes allocated under 5b and 5c.~~

iv In periods of allocations where there is insufficient allocation allowance and nominations of an individual Product to form a batch of sufficient size to meet Product quality or operating efficiency requirements as determined by the pipeline operator, then the operator shall have the flexibility to schedule those Products for delivery within a 45 day period.

v If a Shipper fails to deliver its allocated volume resulting from its nomination in a month when apportionment is applied ("Overnominating Shipper") then:

- a. If Overnominating Shipper advises Carrier in writing of its inability to deliver a portion of its allocated volume for specific destinations ("short fall volume") then Carrier will use all reasonable efforts to equitably offer such short fall volume to other Shippers;
- b. Any volumes reallocated to other Shippers will be credited against all short fall volumes of the Overnominating Shippers on a pro rata basis;
- c. Any short fall volumes that are not taken and reallocated to other Shippers shall be invoiced at the published toll as though such short fall volumes had been delivered; and
- d. Any invoices for short fall volumes will have to be paid before Carrier will accept further nominations or product for delivery from that overnominating Shipper.

vi When calculated the historical average monthly volume in step 5b, volumes will enure to the benefit of the respective successors or assigns of the original Shipper.

[C] vii ~~[C] Step 5a and Footnote ii will expire January 1, 1999 or sooner if the Ethylene Shipping Agreement dated May 12, 1976 is cancelled.~~

**16. APPORTIONMENT WHEN CURRENT OFFERING ARE IN EXCESS OF FACILITIES
(concluded)**

- viii The term calculated pipeline rate shall mean the monthly pipeline rate determined by Cochin Operations based upon the most dense product nominated and Cochin pumping capabilities.
- ix Steps 2 and 3 shall be interpreted and based upon circumstances where physical facility limitations and/or third party downstream facility limitations prevent or restrict Cochin from receiving or delivering Products at the calculated pipeline rate. Prorating occurring with respect to said facility limitations shall be applied pro rata on all Products so affected by such limitations and not based upon density of Products being shipped.

17. DIVERSION RECONSIGNMENT

Diversion or reconsignment but only to a posted Delivery Point, may be made without charges 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 Receiving Point to final Delivery Point, upon condition that no out-of-line or backhaul movement will be made.

18. PRODUCTS INVOLVED IN LITIGATION AND [W] LEGALITY [C] ~~REGALITY~~ 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 charges 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 protecting 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 of 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, 2009.
- 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 ULC (Canada)".
 - 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.