1. PURPOSE

a. Kinder Morgan Cochin LLC “KM Cochin” is updating the Shipper line fill inventory responsibilities under the Line Fill Policy for the [W] 2013-2014 2012-2013 Contract Year. This Line Fill Policy is specifically designed for the pipeline as it is expected to operate for the [W] 2013-2014 2012-2013 Contract Year, where propane is the only product being shipped in the pipeline [C] in a continuous flow process on the West Leg, [C] and where Ethane-Propane “E-P” Mix and propane are the only products being shipped in the pipeline in a batched process on the East Leg [N], and where sections of the pipeline on both the West Leg and the East Leg may be periodically purged with nitrogen.

b. [W] In the event KM Cochin decides to change the operation of the pipeline from what is contemplated in 1a. above, the Policy will be revised or terminated. This Policy may be revised or terminated by KM Cochin upon 30-day written notice at which time KM Cochin will file a new or revised Policy.

c. 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 and 2) utilizing the pipeline assets for storage may create a disadvantage for some Shippers.

2. OPERATIONAL OVERVIEW

a. Shippers will begin the month and end the month with pipeline inventory equal to their line fill commitment [N], subject to adjustments made by Carrier each month to account for those sections of the pipeline that may be purged with nitrogen at the end of a month and therefore unable to hold Shippers line fill.

b. Shippers must nominate [N] for injection into the West Leg only the volume of product they intend to deliver out of the [W] West Leg pipeline for the coming month. [N] For East Leg delivery points, Shippers must nominate the volume of product they intend to receive into the East Leg for the coming month; East Leg deliveries will be on a transit-time basis as described in Section 7, and all Shippers must make arrangements to receive in the coming month a volume of product equal to Shipper’s product in the East Leg at the end of the current month plus all of Shipper’s product injected during the coming month.

c. 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 Terminal, Alberta” (Canada) to “Cochin East, Iowa” (1,043,000 barrel line fill). The East Leg segment extends from “Cochin East, Iowa” to “Windsor Terminal, Ontario” (Canada), and includes the bi-directional lateral between “Cochin East, Iowa” and the point near “Iowa City, Iowa” (369,000 barrel line fill).

d. As presented in the tariff, Shipper nominations are due on or before the 15th of the preceding month.

e. After receipt of all nominations submitted on or before the 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.

f. Shippers may submit late nominations subject to approval by KM Cochin as well as the approval of any third party origin and destination points.
g. 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.

h. 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.

i. 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.

j. 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 current Shipper will choose from at least two options:

i. (Option 1 – “Pro Rata”) 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 their pro rata responsibility for the coming Contract Year: (1) requires more barrels than the prior Contract Year, Shipper will inject any balance owed to their line fill commitment on a ratable basis starting April 1 and ending September 1; or (2) requires fewer barrels than the prior Contract Year, Shipper will be given access to the difference in their Line Fill Commitment 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 it must remain in the KM Cochin pipeline until the end of the Contract Year; unless changes are made to the Line Fill Policy as referenced in Paragraph 1b.

ii. (Option 2 – “Take or Pay”) Shipper shall commit to increase its cumulative tariff revenue on the Cochin Pipeline 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. For clarity, Shippers electing this Option must achieve this revenue increase by shipping under the local tariff rates and any volumes shipped under incentive programs or joint international tariffs will not qualify toward this increased revenue commitment. KM Cochin will furnish at KM Cochin cost the West Leg line fill barrels for those Shippers that select Option 2.
iii. (Option 3 – “East Leg Only”) Shippers that elect to both originate volumes from exclusively East Leg origins and make deliveries to exclusively East Leg destinations will not have a West Line line fill obligation and their East Line deliveries will be made on a transit time basis. 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 receipts or deliveries 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, no later than the end of February of each calendar year, KM Cochin will provide each Shipper with an individualized summary of his total product volumes that were 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 deliveries of all Shippers during the past calendar year that are expected to 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 estimated pro rata responsibility for the 543,000 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. Final calculations will be made available on or before March 20th of each calendar 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, referred to in 4.e. and 4.f., 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. The adjustment in 4.d. above will only be applied to this Shipper in the event that either: 1) the second Shipper does not provide notice by March 15th 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 select either the “Pro Rata” option or the “Take or Pay” option by March 15th. 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 transported as the original Shipper of Record.

f. If (1) an entity or one of its affiliates that received barrels 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 shipped during the previous calendar year as a consignee will be deemed to serve as a surrogate total amount of volume shipped 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. Delivery volumes will be extrapolated to determine pro rata line fill inventory share for any Shipper that began initial operations on KM Cochin’s pipeline less than the fifteen months before the current Contract Year (April 1, 2013 2042) 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 March 15th, 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 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 has not been a Shipper of Record during the 15 months prior to the beginning of the current Contract Year.

5. OPTION 2: TAKE OR PAY COMMITMENT TO INCREASE TOTAL REVENUE BY 50%

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 of sufficient product to equal 150% of the non-FERC indexed KM Cochin calculation of the revenue generated from that Shipper’s prior Calendar year shipments during the Contract Year as the primary Shipper of Record.

b. Option 2 Shippers will have their line fill inventory provided by KM Cochin.

c. A Shipper that originally elects Option 2, but subsequently fails to sign by April 1st 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 shipped barrels during the past calendar year as both a primary Shipper of Record and also as a consignee of another Shipper of Record, KM Cochin will provide that Shipper with a summary of the amount of barrels received 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 delivered to a KM Cochin destination during the Contract Year will not be less than the cumulative total of revenues and of barrels transported 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 received 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 received as a consignee. Any such entity must sign a T&D Agreement to transport as the primary Shipper of Record, 150% of the amount of barrels received 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, as well as any applicable transfer fees and line losses that the Shipper was liable for during the completed Contract Year.

g. 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.

h. 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.

i. 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.

j. Option 2 is not available to any Shipper that selects Option 3.
[C] 6. EAST LEG LINE FILL TRANSITION

a. In order to facilitate the transition from a continuous flow process on the East Leg to a batched process on the East Let, all current East Leg Shippers will be given an opportunity during the month of March 2012 to remove their East Leg line fill at any KM Cochin pipeline destination.

b. On or before February 29, 2012, each existing East Leg Shipper must notify KM Cochin whether they will either (1) continue to keep their East Leg line fill in place or (2) remove the product at another KM Cochin delivery point during the month of March. If an election is not made in writing on or before February 29, 2012, the Shipper will be deemed to have chosen to keep their East Leg line fill in place.

c. Any Shippers electing to keep their East Leg line fill in place will be required to nominate and take delivery of such product at an East Leg destination during the month of April, consistent with KM Cochin’s delivery schedule. If product is nominated to the Milford delivery point or Riga delivery point and space is not available, then the excess product will be delivered to the “Windsor Terminal, Ontario” (Canada) and the Shipper, will be invoiced for the tariff rate to the “Windsor Terminal, Ontario” (Canada).

[W] 6. 7. WEST LEG OPERATIONS

a. The line fill program as applied to the West Leg of the system will include up to at least 1,043,000 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 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 Terminal, Alberta” to the International Boundary near Maxbass, ND. The U.S. portion of the West Leg line fill shall be approximately 543,000 barrels of product in the West Leg of the KM Cochin pipeline which starts from the International Boundary near Maxbass, ND to “Cochin East, 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 if operationally feasible. Shipper’s inventory will be credited as product is injected into the system. Shippers are required to repay overdraws through-our the month. Failure to pay back any overdraw may result in: 1) Suspension of overdraw privileges for 90 days and 2) Termination of Shippers ability to withdraw product from the pipeline.

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.

[W] 7. 8. EAST LEG OPERATIONS

a. As applied to the East Leg of the system, line fill is approximately 369,000 barrels of product

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 [N] no later than the 27th day of the month. The Carrier will update the monthly schedule once per week (minimum) to reflect changes in operating conditions and subsequent changes to [N] receipt and delivery dates and times.

c. 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).
d. 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.

e. 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.

f. Option 1 Shippers at the KM Cochin Terminal that participate in the overdraw program will be permitted to have an overdraw if operationally feasible 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 and 2) Termination of Shippers ability to withdraw product from the pipeline.

g. 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.

h. In the event a Shipper nominates product to the Milford delivery point and there is not sufficient space available to handle the receipt, the product which could not be delivered will be reconsigned to the “Windsor Terminal, Ontario” delivery point.

[W] 8. 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

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<td>[W] This policy is being made effective March 30, 2013 to facilitate the anticipated purging of a section of the West Leg with nitrogen. The existing West Leg Line Fill allocations will remain in place until March 31, 2013, subject to adjustment as noted in Section 2.a. This policy will be used to determine the West Leg Line Fill obligations for the 2013-2014 Contract Year. This policy is being made effective March 1, 2012 to facilitate the transition to a batched process on the East Leg. The existing West Leg Line Fill allocations will remain in place until March 31, 2012, and this policy will be used to determine the West Leg Line Fill obligations for the 2012-2013 Contract Year.</td>
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