

BridgeTex Pipeline Company, LLC (“Carrier”)
CRUDE PIPELINE SYSTEM
Origins: Bryan, Texas
Destination: Houston Gulf Coast Area
Pipeline Proration Procedures
(Item 150 of Rates, Rules and Regulations Tariff of F.E.R.C. No. 3.0.0 and R.C.T. No. 3.0.0,
supplements thereto and reissues thereof)

Dated: April 1, 2017

During any month when the aggregate volume of Crude Petroleum (as defined below) properly nominated to be transported exceeds the available capacity in the Expansion Carrier Facilities (as defined below), the capacity will be allocated among all shippers under the following pipeline proration procedures (the “**Expansion Procedures**”).

A. Definitions

“**Additional Capacity**” means (a) any portion of the initial capacity of the Expansion Carrier Facilities that remains uncommitted, and (b) the capacity created by any expansion of the Expansion Carrier Facilities, which in the case of both (a) and (b), Carrier may market and make available for commitment such Additional Capacity at its discretion.

“**Affiliate**” means, for purposes of these Expansion Procedures, with respect to any individual, company, entity, organization, joint venture, partnership, or other similar arrangement (any of the foregoing, a “**Person**”), another Person that directly or indirectly controls, is controlled by, or is under common control with such Person. The term “**control**” (including the terms “**controlled by**” or “**under common control with**”) means the possession of the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise (including acting as a general partner of a limited partnership).

“**Base Period**” means the eighteen (18)-month period, beginning nineteen (19) months prior to the month being allocated (which excludes the month preceding the month of allocation).

“**Bpd**” means barrels per day.

“**Confirmed Capacity**” has the meaning set forth in Section D.4. below.

“**Cooperating Shipper**” means any shipper that (a) is an Affiliate of another shipper, or (b) acts in concert with, pursuant to the direction of, or in coordination with, another shipper, whether written or verbal, or (c) shares with another shipper officers, managers, employees, street addresses, email addresses, telephone numbers, fax numbers, internet protocol addresses, or user information in Carrier’s scheduling system.

“**Crude Petroleum**” has the meaning set forth in the Local Tariff.

“Daily Contract Volume Commitment” means the daily volume commitment for a shipper set forth in its TSA.

“Destination” has the meaning set forth in the Local Tariff.

“Existing Carrier Facilities” means, collectively, the pipeline and the associated facilities and improvements, whether owned or leased by Carrier, to transport Crude Petroleum from the Colorado City, TX Origin to the Destination, with an operating capacity of 300,000 Bpd. These Expansion Procedures do not apply in any way to the allocation of the Existing Carrier Facilities’ operating capacity of 300,000 Bpd.

“Expansion Carrier Facilities” means, collectively, the pipeline and the associated facilities and improvements, whether owned or leased by Carrier, to transport Crude Petroleum from the Expansion Origin to the Destination as effected through an expansion of the throughput capacity of the Existing Carrier Facilities from the Expansion Origin. The Expansion Carrier Facilities’ initial capacity and any Additional Capacity is in addition to and separate and apart from, the Existing Carrier Facilities; further, the pipeline proration procedures governing the allocation of the Existing Carrier Facilities’ operating capacity of 300,00 Bpd do not apply in any way to the Expansion Carrier Facilities.

“Expansion Committed Shipper” means an Expansion Firm Shipper or an Expansion Non-Firm Shipper.

“Expansion Firm Shipper” means a shipper that elects to enter into a TSA with Carrier for firm transportation service (i.e., transportation service that is only subject to proration in the event of force majeure or other operational disruption) on Additional Capacity.

“Expansion New Shipper” means any shipper that does not qualify as an Expansion Firm Shipper or an Expansion Regular Shipper.

“Expansion Non-Firm Shipper” means an Initial Expansion Non-Firm Shipper or a Subsequent Expansion Non-Firm Shipper.

“Expansion Origins” means the Bryan, TX Origin as set forth in the Local Tariff.

“Expansion Regular Shipper” means, subject to the provisions of these Expansion Procedures, a shipper that (a) has made a Shipment of Crude Petroleum during at least twelve (12) months of a Base Period (excluding any Initial Base Period plus the first month after any Initial Base Period), or (b) is an Expansion Non-Firm Shipper. For the avoidance of doubt, any Crude Petroleum shipped by Carrier prior to the Initial Expansion Service Commencement Date shall not be considered a “Shipment” under these Expansion Procedures, and months prior to the Initial Expansion Service Commencement Date during which a shipper has made a shipment of Crude Petroleum shall not count toward Expansion Regular Shipper status and shall not have any impact

on the proration of capacity pursuant to these Expansion Procedures either before or after the Initial Expansion Service Commencement Date or be taken into account in determining a shipper's Historical Shipment Status as of or following the Initial Expansion Service Commencement Date.

“Historical Shipment Status” means (a) with respect to an individual shipper, the average of all Shipments (on a Bpd basis) by such shipper during the applicable Base Period, (b) with respect to a Subsequent Expansion Non-Firm Shipper during its Initial Base Period, as determined pursuant to Section B.1. below, or (c) with respect to an Initial Expansion Non-Firm Shipper, as determined pursuant to Section B.2. below.

“Initial Base Period” means, with respect to Subsequent Expansion Non-Firm Shippers, the first eighteen (18)-month period beginning the first full month of operations after Carrier has declared that the Expansion Carrier Facilities are ready to commence commercial service on the Additional Capacity applicable to such Subsequent Expansion Non-Firm Shippers with respect to the receipt, transportation and delivery of Crude Petroleum under all tariffs and any applicable TSAs (each, an **“Additional Expansion Capacity Service Commencement Date”**), and ending after the eighteenth (18th) consecutive month of operations following any applicable Additional Expansion Capacity Service Commencement Date. For the avoidance of doubt, any Crude Petroleum shipped by Carrier prior to the Initial Expansion Service Commencement Date shall not be considered a “Shipment” under these Expansion Procedures and no such shipments prior to the Initial Expansion Service Commencement Date shall have any impact on the proration of capacity pursuant to these Expansion Procedures either before or after the Initial Expansion Service Commencement Date.

“Initial Expansion Non-Firm Shipper” means a shipper that elects to enter into a TSA with Carrier for non-firm transportation service (i.e. transportation service that is subject to proration) on the initial capacity of the Expansion Carrier Facilities.

“Initial Expansion Service Commencement Date” means the date that Carrier has declared that the Expansion Carrier Facilities will be ready to commence commercial service on the initial capacity of the Expansion Carrier Facilities with respect to the receipt, transportation and delivery of Crude Petroleum under all tariffs and any applicable TSAs.

“Local Tariff” means Carrier's Local Tariff F.E.R.C. No. 3.0.0 and R.C.T. No.3.0.0, including any supplements thereto and reissues thereof.

“Minimum Nomination Allocation” has the meaning set forth in Section C.4. below.

“Proration Factor” has the meaning set forth in Section C.5. below.

“Shipment” means the transportation of actual volumes of Crude Petroleum through the Expansion Carrier Facilities from the Expansion Origin to the Destination, as measured on an average Bpd basis (averaged over a calendar month).

“Subsequent Expansion Non-Firm Shipper” means a shipper that elects to enter into a TSA with Carrier for non-firm transportation service (i.e., transportation service that is subject to proration) on Additional Capacity.

“TSA” means a transportation services agreement fully executed by both Carrier and an individual shipper with respect to the Expansion Carrier Facilities.

B. Determination of Historical Shipment Status for Expansion Non-Firm Shippers

The following procedures shall govern the determination of an Expansion Non-Firm Shipper’s Historical Shipment Status.

1. The Historical Shipment Status for Subsequent Expansion Non-Firm Shippers shall, during any Initial Base Period, be determined with reference to both the Subsequent Expansion Non-Firm Shipper’s Daily Contract Volume Commitment as set forth in such Subsequent Expansion Non-Firm Shipper’s TSA, and actual Shipments on an average Bpd basis, as more fully described below.
 - a. For the first and second months of its Initial Base Period, each Subsequent Expansion Non-Firm Shipper’s Historical Shipment Status will be deemed to equal such Subsequent Expansion Non-Firm Shipper’s Daily Contract Volume Commitment.
 - b. For the third month of its Initial Base Period, each Subsequent Expansion Non-Firm Shipper’s Historical Shipment Status will be deemed to equal the average of one (1) month of the Subsequent Expansion Non-Firm Shipper’s actual Shipments (i.e., the Subsequent Expansion Non-Firm Shipper’s actual Shipments during the first month of its Initial Base Period), and 17 months of such Subsequent Expansion Non-Firm Shipper’s Daily Contract Volume Commitment.
 - c. For each month after the third month during its Initial Base Period and through and including the nineteenth (19th) month after its Additional Expansion Capacity Service Commencement Date, each Subsequent Expansion Non-Firm Shipper’s Historical Shipment Status will equal the average of the actual Shipments for all months after its Additional Expansion Capacity Service Commencement Date for which Carrier has actual Shipment data, and the Subsequent Expansion Non-Firm Shipper’s Daily Contract Volume Commitment for the additional number of months as needed to equal eighteen (18) months of historical Shipments.

For example, if a Subsequent Expansion Non-Firm Shipper’s (**“Shipper A”**) TSA provides for a Daily Contract Volume Commitment of 50,000 Bpd, then for the first and second months of its Initial Base Period, Shipper A’s Historical Shipment Status would be deemed to equal 50,000 Bpd (the average of Shipper A’s Daily Contract Volume Commitment of 50,000 Bpd over its 18-month Initial Base Period).

Assuming Shipper A ships 55,000 Bpd during the first month of its Initial Base Period, then for the third month of its Initial Base Period, Shipper A's Historical Shipment Status would be deemed to equal the average of (i) 55,000 Bpd of actual Shipments during the first month of its Initial Base Period, and (ii) 50,000 Bpd of the Daily Contract Volume Commitment for each of the remaining 17 months. As such, Shipper A's Historical Shipment Status would be the average of (55,000 Bpd for month 1) + (50,000 Bpd for months 2 through 18 of the Initial Base Period), equaling an average of 50,278 Bpd.

- d. The foregoing procedure would continue for each of the 18 months of its Initial Base Period until the Subsequent Expansion Non-Firm Shipper has established 18 months of actual Shipment history, and also for the first month following the expiration of its Initial Base Period.
 - e. If a Subsequent Expansion Non-Firm Shipper experiences an event of force majeure during any month of its Initial Base Period that prevents it from delivering any Crude Petroleum for Shipment, the Subsequent Expansion Non-Firm Shipper's historical Shipments for such month will be deemed to equal such shipper's Daily Contract Volume Commitment for such month.
2. The Historical Shipment Status for an Initial Expansion Non-Firm Shipper shall, for any and every proration month, be equal to the greater of (a) the average of all Shipments (on a Bpd basis and including all Shipments under its non-firm capacity and uncommitted capacity) by such Initial Expansion Non-Firm Shipper during the applicable Base Period, and (b) such Initial Expansion Non-Firm Shipper's Daily Contract Volume Commitment in effect for such proration month. Notwithstanding anything in these Expansion Procedures to the contrary, Carrier reserves the right to amend these Expansion Procedures to grant Subsequent Expansion Non-Firm Shippers and/or Expansion Firm Shippers the rights set forth in this Section B.2. in lieu of those set forth in Section B.1.

C. Allocation Method

1. Capacity will be allocated on a monthly basis.
2. These Expansion Procedures will be applied to the Expansion Carrier Facilities as a single pipeline segment from the Expansion Origin to the Destination. For the avoidance of doubt, the Destination includes each delivery point described in the definition thereof, all of which will be treated as a single point for purposes of these Expansion Procedures.
3. Expansion Firm Shipper Capacity:
 - a. Each Expansion Firm Shipper will be allocated a volume (on a Bpd basis averaged over the month of allocation) equal to the Daily Contract Volume Commitment as set forth in such Expansion Firm Shipper's TSA.

- b. If an Expansion Firm Shipper nominates Crude Petroleum in excess of the above amount, then the excess incremental volume shall be subject to proration under Section C.6. below.
- c. If an Expansion Firm Shipper nominates Crude Petroleum less than its Daily Contract Volume Commitment as set forth in such Expansion Firm Shipper's TSA, such nomination will not be subject to prorationing; provided, however, that if an Expansion Firm Shipper is unable to arrange for the delivery of its Crude Petroleum at any nominated individual delivery point within the Destination, then such Expansion Firm Shipper's nomination shall be deemed to be reduced by the volume that such Expansion Firm Shipper is unable to arrange for at the delivery point.

4. Expansion New Shipper Capacity:

Each Expansion New Shipper will be allocated the volume of its monthly nomination (on a Bpd basis), but in no event more than a maximum of two percent (2%) of the total capacity of the Expansion Carrier Facilities (measured on a Bpd basis). If the total allocation among all Expansion New Shippers would exceed ten percent (10%) of the total capacity of the Expansion Carrier Facilities (measured on a Bpd basis), then each Expansion New Shipper's allocation will be reduced on a pro rata basis (using nominated volumes) so that the allocations to all Expansion New Shippers in the aggregate do not exceed 10% of the total capacity of the Expansion Carrier Facilities; provided, however, if an Expansion New Shipper is unable to arrange for the delivery of its Crude Petroleum at any nominated individual delivery point within the Destination, then such Expansion New Shipper's nomination shall be deemed to be reduced by the volume that such Expansion New Shipper is unable to arrange for at the delivery point; and provided further, that if such pro rata allocation in a given month results in no Expansion New Shipper being allocated the monthly minimum volume set forth in Item 40 of Carrier's applicable F.E.R.C. Rates, Rules and Regulations Tariff or R.C.T. Rates, Rules and Regulations Tariff (the "**Minimum Nomination Allocation**"), then Carrier will administer a lottery using a software-generated random number process for the total number of Minimum Nomination Allocations available to Expansion New Shippers. Detailed procedures regarding Carrier's lottery process are outlined in Section G below.

5. Expansion Regular Shipper Capacity:

- a. All capacity not allocated to Expansion Firm Shippers and Expansion New Shippers will be allocated to Expansion Regular Shippers based on each Expansion Regular Shipper's Historical Shipment Status; provided that with respect to allocations of capacity prior to the Initial Expansion Service Commencement Date, all capacity not allocated to Expansion New Shippers will be allocated to Expansion Regular Shippers on a pro rata basis each month as any Crude Petroleum shipped by Carrier prior to the Initial Expansion Service Commencement Date will not have an

impact on the proration of capacity pursuant to these Expansion Procedures either before or after the Initial Expansion Service Commencement Date.

- b. For purposes of these Expansion Procedures, the “**Proration Factor**” for each Expansion Regular Shipper shall be equal to the quotient of (i) the Expansion Regular Shipper’s Historical Shipment Status at the time of allocation; divided by (ii) the aggregate total of all Expansion Regular Shippers’ Historical Shipment Statuses at the time of allocation.
- c. The capacity allocated to each Expansion Regular Shipper each month will be equal to the lesser of: (i) its monthly nomination; or (ii) its Proration Factor share of all capacity available to Expansion Regular Shippers on the Expansion Carrier Facilities for such month; provided, however, that if an Expansion Regular Shipper is unable to arrange for the delivery of its Crude Petroleum at any nominated individual delivery point within the Destination, then such Expansion Regular Shipper’s nomination shall be deemed to be reduced by the volume that such Expansion Regular Shipper is unable to arrange for at such delivery point.

6. Remaining Capacity:

Any remaining capacity not allocated through the application of subsections 3 through 5 of this Section C will be allocated among all shippers having remaining unmet nominations, in proportion to each such shipper’s initial capacity allocation resulting from the application of such subsections 3 through 5 (for the avoidance of doubt notwithstanding the percentage caps set forth in subsection 4 above). If allocation to any shipper pursuant to these Expansion Procedures exceeds its remaining nomination, then the excess volume will be allocated among all other remaining nominations (for the avoidance of doubt notwithstanding the percentage caps set forth in subsection 4 above) until the remaining capacity is fully allocated or all of the remaining nominations have been fulfilled.

- 7. For the avoidance of doubt, neither the pipeline prorationing procedures for the Existing Carrier Facilities nor any prorationing, allocation or similar practices, policies or procedures of any pipeline or facility operator interconnecting with the Expansion Carrier Facilities shall be construed to form a part of or be integrated herein.

D. Procedural Schedule

- 1. Shipper nominations must be submitted via Carrier’s COBALT (or successor) system prior to 5:00 p.m. Central Time, on the 15th day of the month preceding the month for which the nominations apply; provided, however, to accommodate the administration of the lottery process, Expansion New Shipper nominations must be submitted to Carrier prior to 5:00 p.m. Central Time the 13th day of the month preceding the month for which the nominations apply. If the 13th or 15th

day of the month falls on a weekend or holiday, then nominations are due on the last day that is not a weekend or holiday before the 13th or 15th day.

2. Carrier (directly or through a designated scheduler) will, within two working days after the 15th day of the month preceding the month for which the nominations apply (or such earlier day pursuant to the last sentence of Section D.1. above), reply by email to the shipper with its allocated capacity based on these Expansion Procedures.
3. Each shipper must, within one working day of the email sent by Carrier pursuant to Section D.2., reply by email of its acceptance of the allocated capacity. If a shipper does not notify the Carrier of its acceptance of the allocated capacity within such timeframe, its allocated capacity will be allocated to the other shippers based on these Expansion Procedures.
4. After Carrier completes the steps in Sections D.1. through D.3. above, Carrier (directly or through a designated scheduler) will notify each shipper of its confirmed allocated capacity (the “**Confirmed Capacity**”).

E. Shipper Obligation

In addition to a shipper’s obligation to pay the applicable transportation charges under the Local Tariff, if a shipper does not tender for shipment its Confirmed Capacity during any month in which Carrier’s facilities are prorated, the shipper will be invoiced and will be responsible for payment of an amount equal to the product of (a) the difference of shipper’s Confirmed Capacity for such month, less any volumes actually shipped by such shipper during such month; multiplied by (b) the then-current tariff rate applicable to the Confirmed Capacity; provided, however, in the event such shipper is a party to a TSA with Carrier at that time, charges under this paragraph shall be without duplication of amounts due under the TSA and shall only apply to the extent they would exceed charges due for such month under the TSA.

F. Cooperating Shippers

Notwithstanding anything in these Expansion Procedures to the contrary:

1. Expansion Firm Shipper, Expansion New Shipper, and Expansion Regular Shipper allocations may not be assigned, conveyed, loaned, or transferred to any shipper other than the shipper assigned such allocation by Carrier. However, such allocations may be transferred as an incident of the bona fide sale of all or substantially all of the shipper’s business or to a successor to the shipper’s business, or by the operation of law (such as by an executor or trustee in bankruptcy).
2. No shipper may become an Expansion Firm Shipper, Expansion New Shipper, or Expansion Regular Shipper as a result any sale, transfer, assignment, loan, or other conveyance of Shipment history from another shipper, including without limitation from any Cooperating Shipper. However, Shipment history may be

transferred as an incident of the bona fide sale of all or substantially all of the shipper's business or to a successor to the shipper's business, or by the operation of law (such as by an executor or trustee in bankruptcy).

3. With respect to nominations by Cooperating Shippers, Carrier shall consider and accept only the nomination of the Cooperating Shipper with the largest volume, and all other nominations of all other Cooperating Shippers shall be deemed to be void and of no force or effect. If one or more Cooperating Shippers' nominations are of equal volume, then Carrier shall consider and accept only the nomination of the Cooperating Shipper with the longest Shipment history.
4. Any nominations, Shipments or attempted Shipments made in contravention of the provisions of this Section F shall be disregarded by Carrier for purposes of determining Historical Shipment Status or allocation of capacity under these Expansion Procedures (including, but not limited to, through the lottery process described in Section G below).
5. A shipper may not create, use or otherwise work with a Cooperating Shipper in order to circumvent these Expansion Procedures for the purposes of improperly obtaining additional capacity on the Expansion Carrier Facilities, becoming an Expansion Regular Shipper, establishing Historical Shipment Status, obtaining a Minimum Nomination Allocation through the lottery process described in Section G below, or any other improper purposes. Shippers shall have the burden of demonstrating that they are not in violation of this Section F.

G. Lottery Process

1. Carrier will administer a lottery process in order to allocate capacity to Expansion New Shippers pursuant to Section C.4. above as follows:
 - a. Carrier will use a software-generated random number process to randomly assign each Expansion New Shipper a number from one to the number representing the total number of Expansion New Shippers participating in the lottery (i.e. if there are thirty Expansion New Shippers, numbers one through thirty will be assigned).
 - b. The Expansion New Shipper assigned number one will receive the first Minimum Nomination Allocation. Thereafter, Minimum Nomination Allocations will be assigned to Expansion New Shippers sequentially, from the lowest assigned number to the highest assigned number, until the 10% of available capacity referenced in Section C.4. above is fully allocated.
 - c. Following the lottery, Carrier will notify Expansion New Shippers as to whether or not they were allocated capacity in that month.

H. Storage In Transit (SIT)

1. The reshipment of volume out of Storage In Transit, as referenced in Item 110-Storage In Transit (SIT) in F.E.R.C. No. 3.0.0 and R.C.T. No. 3.0.0, supplements thereto or reissues thereof, to other delivery points within the Destination will be subordinate to all other shipments nominated for the month.