

THUNDER CREEK NGL PIPELINE, LLC PRORATION POLICY

PRORATION OF PIPELINE CAPACITY

When there shall be nominated to Carrier, for transportation, more Nominations for transportation of NGL than can be immediately transported on a line segment, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Carrier will allocate the available Existing Capacity and the Expansion Capacity that is available on the affected line segment independently of one another, in the manner described below. Line segments will be prorated separately if necessary. Carrier shall use its Existing Capacity Prorationing Procedures to allocate the available Existing Capacity that is available on the affected line segment. Carrier will use the Expansion Capacity Prorationing Procedures to allocate the entirety of the Expansion Capacity on the affected line segment. A Shipper's commitment to ship on Expansion Capacity pursuant to an open season that was held for the Expansion Project shall have no effect (through increase or decrease) on its share of available Existing Capacity. In addition and for the avoidance of doubt, in the event there is an operational disruption or force majeure event that results in the reduction of capacity on a pipeline segment that has tranches of capacity that are separately apportioned pursuant to the provisions set forth in this policy, the reduction in capacity on such pipeline segment will be made in the proportion that each tranche of capacity bears to the total capacity of the affected pipeline segment.

EXISTING CAPACITY PRORATIONING PROCEDURES

- A. ***Division of capacity between Shipper classes.*** Except as provided in Paragraphs E and G below, Available Capacity shall be divided in a Proration Month between New Shippers as a class and Regular Shippers as a class.
- B. ***Definition of Terms.*** The following definitions shall apply for purposes of administering the Existing Capacity Prorationing Procedures only.

“Available Capacity” means the total available capacity on Carrier's System during a calendar Month, excluding the Expansion Capacity.

“Base Period” means the twelve (12)-Month period beginning thirteen (13) Months prior to the Proration Month and excluding the Month preceding the Proration Month.

“Carrier” means Thunder Creek NGL Pipeline, LLC.

“Month” means a calendar month, commencing at 12:01 a.m. Central Time on the first day of each month and ending at 12:00 a.m. Central Time on the first day of the following month.

“New Shipper” means a Shipper that is not a Regular Shipper.

“NGL” means natural gas liquids produced from the Receipt Points that meet the quality specifications required under Carrier's currently effective, applicable tariff filed with FERC.

“Nomination,” “Nominate,” “Nominated” or “Nominating” means a written offer (in a form and context specified by Carrier) by a Shipper to Carrier of a stated quantity of NGL for transportation from a specified Receipt Point to a specified Delivery Point pursuant to the terms of Carrier's tariff.

“Proration Month” means the calendar Month for which capacity is to be allocated under these Existing Capacity Prorating Procedures.

“Regular Shipper” means a Shipper that has shipped NGLs on Carrier’s System during each consecutive Month of the Base Period.

“Shipper” means any party who gives notice to transport NGLs under the provisions outlined in this tariff.

“System” means Carrier’s pipeline system and all related facilities necessary for Carrier to provide transportation service.

C. ***Allocation to New Shippers.***

- i. Availability of Capacity to New Shippers. Not more than ten (10) percent of the Available Capacity shall be made available to New Shippers in the Proration Month.
- ii. Allocation to each New Shipper. Each New Shipper shall be allocated an amount of capacity in the Proration Month that is equal to:
 - a. its Nomination, if the total volume Nominated by all New Shippers is less than or equal to ten (10) percent of the Available Capacity; or
 - b. its pro rata share, in accordance with its Nomination, of ten (10) percent of the Available Capacity, if the total volume Nominated by all New Shippers is greater than ten (10) percent of Available Capacity.

D. ***Allocation to Regular Shippers.***

- i. Availability of capacity to Regular Shippers. After the allocation of capacity to New Shippers pursuant to Paragraph C, all remaining Available Capacity shall be available to Regular Shippers that have Nominated volumes for the Proration Month.
- ii. Allocation to each Regular Shipper. Each Regular Shipper shall be allocated an amount of capacity during the Proration Month that is equal to the lesser of:
 - a. the number of Barrels shipped by the Regular Shipper on Carrier’s System during the Base Period, divided by the total number of Barrels shipped by all Regular Shippers during the Base Period, which resulting percentage shall be multiplied by the Available Capacity for Regular Shippers; or
 - b. its Nomination.

- E. ***Remaining capacity.*** Any remaining Available Capacity not allocated through the application of Paragraphs C and D shall be allocated among all shippers having remaining unmet Nominations, in proportion to each such shipper’s initial capacity allocation resulting from the application of Paragraphs C and D (for the avoidance of doubt notwithstanding the percentage caps set forth in

Paragraph C above). If allocation to any shipper pursuant to this Paragraph E results in an allocation exceeding such shipper's Nomination, then the excess volume will be allocated among all shippers having unmet Nominations (for the avoidance of doubt notwithstanding the percentage caps set forth in Paragraph C above) until the remaining Available Capacity is fully allocated or all the remaining Nominations have been fulfilled.

- F. ***Basis for allocation: notification.*** When prorationing of the capacity of Carrier's System or portion thereof is in effect –
- i. Carrier's Available Capacity shall be allocated among eligible Shippers on a Monthly basis; and
 - ii. Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of capacity of the amount of its allocation not later than the first working day of the Proration Month.
- G. ***Reallocation of unused allocated capacity.*** If, during a Proration Month, a Shipper fails to use all of its allocated capacity, such unused capacity shall be available to other Shippers, as follows:
- i. Unused allocated capacity resulting from a Regular Shipper's failure to use all of its allocated capacity shall be reallocated among other Regular Shippers in accordance with the rules in Paragraph D.
 - ii. Unused allocated capacity resulting from a New Shipper's failure to use all of its allocated capacity shall be reallocated among other New Shippers in accordance with the rules in Paragraph C.
- H. ***Failure of Shippers to use allocated capacity.***
- i. Except as provided in subparagraph (ii) of this Paragraph H, a Shipper that fails to use all of its allocated capacity during a Proration Month shall have its allocation of capacity reduced in each subsequent Proration Month until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated capacity and shall be reallocated among other Shippers in accordance with the rules in Paragraph E.
 - ii. Reduction of a Shipper's allocation for failure to use its allocated capacity during a prior Proration Month will be waived, in whole or in part, if Carrier determines, in its discretion, that the Shipper's failure to use all or some of its allocated capacity was due to factors beyond the Shipper's reasonable control.
- I. ***Transfer of prorated capacity; Use of Affiliates.*** Except as provided in this Paragraph I, prorated volumes allocated to a Shipper may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. However, a Shipper's allocation may be transferred as an incident of the bona fide sale of the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A Shipper may not use an Affiliate or otherwise cooperating entity to obtain an increased allocation of prorated capacity.

EXPANSION CAPACITY PRORATIONING PROCEDURES

- A. ***Division of capacity between Shipper classes.*** Available Expansion Capacity shall be divided in a Proration Month between Uncommitted Shippers as a class and Committed Shippers as a class.

B. Definition of Terms. The following definitions shall apply for purposes of administering the Expansion Capacity Prorationing Procedures only.

“Available Expansion Capacity” means the total available Expansion Capacity on Carrier’s System during a Proration Month.

“Carrier” means Thunder Creek NGL Pipeline, LLC.

“Committed Shipper” means any shipper with which Carrier has an effective TSA for transportation on the Expansion Capacity.

“Deemed Volume Commitment” means, for purpose of administering these Expansion Capacity Prorationing Procedures, the amount of Priority Capacity (expressed in Barrels per Month) that a Committed Shipper shall be entitled to receive during each Month of the Term of the TSA executed between Carrier and Committed Shipper.

“Delivery Point” means the point or points on the System where NGL are delivered to Shipper or its Consignee, as specified in Carrier’s currently effective, applicable tariff filed with FERC.

“Expansion Capacity” means the newly created and developed capacity on Carrier’s system for which Carrier held the Open Season.

“FERC” means the Federal Energy Regulatory Commission or any governmental authority succeeding to the powers of such commission with respect to the regulation of pipelines that transport NGL in interstate commerce.

“Month” means a calendar month, commencing at 12:01 a.m. Central Time on the first day of each month and ending at 12:00 a.m. Central Time on the first day of the following month.

“NGL” means natural gas liquids produced from the Receipt Points that meet the quality specifications required under Carrier’s currently effective, applicable tariff filed with FERC.

“Nomination,” “Nominate,” “Nominated” or “Nominating” means a written offer (in a form and context specified by Carrier) by a Shipper to Carrier of a stated quantity of NGL for transportation from a specified Receipt Point to a specified Delivery Point pursuant to the terms of Carrier’s currently effective, applicable tariff filed with FERC.

“Open Season” means that open season held by Carrier beginning on in June, 2019 to obtain NGL dedications on the Expansion Capacity.

“Priority Capacity” means an amount of the Available Expansion Capacity that is not subject to prorationing except in the event of operational disruptions or Force Majeure events.

“Proration Month” means the Month for which the Available Expansion Capacity is to be allocated under this these Expansion Capacity Prorationing Procedures.

“Receipt Point” means the point or points where NGL are received into the System, as specified in Carrier’s currently effective, applicable tariff filed with FERC.

“Remaining Expansion Capacity” means the Available Expansion Capacity on the Carrier’s System not allocated through the application of Paragraphs D and E of these Expansion Capacity Prorationing Procedures.

“Shipper” means any party who gives notice to transport NGL under the provisions outlined in Carrier’s currently effective, applicable tariff filed with FERC.

“System” means Carrier’s pipeline system and all related facilities necessary for Carrier to provide transportation service.

“TSA” means an effective transportation services agreement for the transportation of NGL on the Expansion Capacity entered into between a Committed Shipper and Carrier pursuant to the Open Season.

“Uncommitted Shipper” means any shipper on the Expansion Capacity that is not a Committed Shipper.

- C. ***Allocation to Committed Shippers.*** For each Proration Month, of the Expansion Capacity, Carrier will allocate to each Committed Shipper the lesser of its Nomination or its Deemed Volume Commitment under the Committed Shipper’s TSA on a Priority Capacity basis. The Deemed Volume Commitments of all Committed Shippers shall not exceed ninety (90) percent of the design capacity of the System.
- D. ***Allocation to Uncommitted Shippers.*** For each Proration Month, Carrier will allocate to each Uncommitted Shipper the lesser of its Nomination or its pro rata share of Remaining Expansion Capacity, which in no event will exceed 10 percent of the Available Expansion Capacity.
- E. ***Remaining Expansion Capacity.*** Any Remaining Expansion Capacity shall be allocated first to Committed Shippers with unmet Nominations equal to each Committed Shipper’s pro rata share of Remaining Expansion Capacity, and then to Uncommitted Shippers with unmet Nominations equal to the Uncommitted Shipper’s pro rata share of the Remaining Expansion Capacity until the Remaining Expansion Capacity is fully allocated or all the remaining Nominations have been fulfilled.
- F. ***Basis for allocation: notification.*** When prorationing of Available Expansion Capacity is in effect –
 - i. Available Expansion Capacity shall be allocated among eligible Shippers on a Monthly basis;
 - ii. Carrier shall accept and transport, during such period, only that portion of each good-faith offer to ship which Carrier shall determine to be equitable to all shippers; and
 - iii. Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of capacity of the amount of its allocation not later than two (2) working days prior to the Proration Month.