

PANOLA PIPELINE COMPANY, LLC

LOCAL TARIFF

APPLYING

ON

PETROLEUM PRODUCTS

(E-P MIX)

AS SPECIFIED HEREIN

BETWEEN

POINTS WITHIN TEXAS

SUBJECT TO THE REGULATIONS NAMED HEREIN

All rates published in this Tariff are for the intrastate transportation of EP-Mix through the pipelines of Panola Pipeline Company, LLC. within the State of Texas, being expressed in cents-per-barrel, are subject to change as may be provided by law and are governed by the provisions found under the General Rules & Regulations herein.

The provisions published herein will not, if effective, result in an effect on the quality of the human environment.

EFFECTIVE: July 1, 2014

ISSUED AND COMPILED BY:

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SECTION I: RULES AND REGULATIONS

ITEM 1 - Abbreviations and Definitions

API	American Petroleum Institute.
ASTM	American Society for Testing Materials.
Barrel	A volume of forty-two (42) gallons or 9,702 cubic inches United States measurement at sixty degrees (60°) Fahrenheit.
Carrier	Panola Pipeline Company, LLC
Component(s)	The individual hydrocarbon constituents of methane, ethane, propane, isobutane, normal butane, isopentane, normal pentane, hexanes and other heavier hydrocarbons.
Component Imbalance	For each Component for any month, the product resulting from multiplying the Component Quantity for such month by the Imbalance Factor for such month.
Component Quantity	For each Component for any month, the quantity, in gallons, of such Component present in the Gross Imbalance Quantity for such month.
Component Settlement Price	For each Component for any month, the price per gallon for such Component present in the Gross Imbalance Quantity for such month using the monthly average of all price quotes published in Oil Price Information Service for "Mont Belvieu Spot Gas Liquids Prices" for such month other than price quotes for TEPPCO, less (a) 8 cents per gallon for C1 (methane), (ii) 2.5 cents per gallon for C2 (ethane) and (iii) 1 cents per gallon for each of C3 (propane), iC4 (isobutane), nC4 (normal butane), and C5+ (pentanes plus).
Consignee	The party, including a connecting pipeline system to whom Shipper has ordered delivery of E-P Mix.
Delivery	The transfer from Carrier at destination to Consignee.
E-P Mix	A mixture comprised primarily of ethane and propane recovered by natural gas processing plants as from time to time defined by GPA Standard and meeting the specifications set forth in Section II.2 above.
Gallon	A volume of one U.S. liquid gallon or 231 cubic inches United States measurement at sixty degrees (60°) Fahrenheit.
GPA	Gas Processors Association.
Gross Imbalance Quantity	For any month, Receipt volume for such month minus the Delivery volume for such month.
Imbalance Factor	For any month, the Net Imbalance Quantity for such month divided by the absolute value of the Gross Imbalance Quantity for such month.
In Line Inventory	The Mix in Carrier's custody following Receipt in the pipeline and before Delivery to the Consignee.
Liq. Vol.	Liquid Volume
MCF	One thousand cubic feet of gas at 60° Fahrenheit and 14.696 psia.
Monthly Imbalance	For any month, the sum of each product (both positive and negative) resulting from multiplying each Component Imbalance for such month times the corresponding Component Settlement Price for such month; provided, however, with respect to such month for which the absolute value of the Gross Imbalance Quantity for such month is less than or equal to the product of one quarter of one percent (.25%) times the Receipt volume for such month, then the Monthly Imbalance for such month shall be zero.

ITEM 1 - Abbreviations and Definitions (Continued)

Net Imbalance Quantity	For any month, the absolute value of the Gross Imbalance Quantity for such month minus the product resulting from multiplying: (X) one quarter of one percent (0.25%) times (Y) the Receipt volume for such month.
Net Volume	Component volume calculated to 60° Fahrenheit in accordance with GPA Standard 8173.
ppm	Parts per million.
psia	Pounds per square inch absolute.
Receipt	The transfer from Shipper at origin to Carrier.
Shipper(s)	The party or parties who enters into an agreement with Carrier for the transportation of Petroleum Products under the terms and conditions of this tariff.
Tariff	Unless otherwise indicated, the term tariff means this Texas Intrastate Tariff supplements thereto and successive issues thereof.

ITEM 2 - Storage Facilities

Carrier does not furnish storage facilities or services at receiving point(s) or delivery point(s). E-P Mix will be accepted for transportation only when Shipper and Consignee have provided equipment and facilities satisfactory to Carrier for delivering E-P Mix at point(s) of origin to Carrier, and for receiving same without delay at point(s) of destination from Carrier.

ITEM 3 - Maintenance of Identity

E-P Mix, which is accepted for transportation, is subject to changes in quality while in transit. Delivery shall be made to Consignee out of common stock in Carrier's pipeline at point of delivery.

- Carrier may inject a corrosion inhibitor compound in the E-P Mix to be transported, and Shipper and Consignee will accept delivery at destination containing portions of a corrosion inhibitor. The corrosion inhibitor so injected shall not be in quantities or contain chemicals that would cause the E-P Mix delivered to Consignee to fail in meeting the specifications set forth in Section II.2 of this Tariff.
- Carrier will assume no liability for discoloration, contamination, or deterioration of E-P Mix transported unless resulting from negligence of the Carrier.

ITEM 4 - Metering, Testing, Sampling and Deduction

- All shipments tendered to Carrier for transportation and deliveries made by Carrier shall be measured and sampled by Carrier's representative prior to, or at the time of, receipt from Shipper or delivery to Consignee. Shipper shall at all times have the privilege of being present or represented during sampling, testing or measuring.
- All measurement shall be by mass measurement and shall be made in accordance with GPA Standard 8182 and with the API Manual of Petroleum Measurement Standards (API-MPMS). Quantities received or delivered shall be calculated in accordance with GPA Standard 8173. Monthly Imbalances will be determined by utilizing monthly meter information to calculate Gross Imbalance Quantity. If the sum of all Monthly Imbalances for the twelve (12) month period ending on December 31 of each year yields a positive result, then Carrier shall pay Shipper(s), an amount of money equal to the sum of such Monthly Imbalances, within thirty (30) days after such date. If the sum of all Monthly Imbalances for the twelve (12) month period ending on December 31 of each year yields a negative result, then Shipper(s) shall pay to Carrier, an amount of money equal to the absolute value of the sum of such Monthly Imbalances, (30) days after such date.

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ITEM 4 - Metering, Testing, Sampling and Deduction (Continued)

- A composite sample of E-P Mix will be collected in a floating piston cylinder at each receipt and delivery point on the system. The sample grabs will be in proportion to the flow rate. Sampling will be in accordance with the API-MPMS and GPA Standard 2174. At the end of each sample period, and at least monthly, this composite sample will be analyzed by gas chromatography at a laboratory selected by Carrier.
- The above-mentioned composite samples will be kept until the 20th of each month. Sample analysis reports will be forwarded by the laboratory to all interested parties. It will be the responsibility of each recipient to examine the analysis and promptly advise the Carrier of any questions no later than the 19th of the month so that arrangements can be made for additional sample retainage time and sample testing.
- The analysis of composite samples shall be by gas chromatography in accordance with the principles outlined in GPA Standard 2177 "Analysis of Demethanized Hydrocarbon Liquid Mixtures Containing Nitrogen and Carbon Dioxide by Gas Chromatography" and GPA Standard 2165 "Standard for Analysis of Natural Gas Liquids Mixtures by Gas Chromatography." The laboratory will handle the composite samples in accordance with GPA Standard 2174. The laboratory will be responsible for thoroughly mixing and agitating the sample before beginning analysis.
- In case the sample analysis is suspect, plant operations will be reviewed to determine if plant operating procedures changed during sampling period. If no operating changes are evident and if there is no other assignable cause for the suspect analysis, then the last two months of the acceptable analysis will be averaged and used for the current month's business.
- The sample analysis report will include molecular, volume, and weight percent value for the following Components:

N2	Nitrogen	IC4	Isobutane
CO2	Carbon Dioxide	NC4	Normal Butane
C1	Methane	IC5	Iso Pentane
C2	Ethane	NC5	Normal Pentane
C3	Propane	C6+	Hexanes Plus

- A volume deduction equal to the volume of water and other contaminants present in any E-P Mix tendered for transportation will be made as appropriate.
- Metering pressure will be sufficiently above the stream bubble point as to insure the E-P Mix remains completely in the liquid phase.

ITEM 5 - Proration of Pipe Line Capacity

When the total volume tendered for shipment by all Shippers is greater than can be transported within the period and between the locations specified by such tenders, E-P Mix tendered by each Shipper for transportation will be transported between such locations in such quantities, at such times and to the limit of Carrier's operating capacity to avoid discrimination (unreasonable performance or prejudice) among Shippers, and so not to adversely affect the reasonable operation of Carrier's facilities.

- Each Shipper will provide to Carrier by the twenty-fifth (25th) of the month a forecast by plant of the volume of each Component to be tendered for delivery during the following month.
- Allocation of capacity will be based on each Shipper's Historical Volume. The Shipper's Historical Volume is the total receipt from the Shipper during the last twelve complete months prior to the month before the calendar month during which capacity will be prorated. During periods of proration, space will be allocated to each Shipper in the respective proportion of the Shipper's Historical Volume to the Historical Volume of all Shippers connected to the pipeline.
- Allocations will be given as an average daily volume and will be calculated for the calendar month. Allocated space that is not used will be allocated among the other Shippers.

ITEM 5 - Proration of Pipe Line Capacity (Continued)

- Any new Shipper that begins deliveries during periods of allocation and receives less than two hundred (200) barrels per day of allocation will be given capacity to handle the Shipper's production or two hundred (200) barrels per day whichever is less. A maximum of five percent (5%) of the capacity of the pipeline will be allocated to this class of Shipper. If the total aggregate volume from this class exceeds five percent (5%) of the capacity of the pipeline, each new Shipper will receive an equal portion of the five (5%) capacity so allocated.
- The space allowed to Shippers under d. above will be deducted from the pipeline capacity prior to applying the allocation to the other Shippers delivery to the pipeline.
- To penalize inflation of Shippers' nominations, a Shipper's space allocation for the next period of proration will be reduced by the amount of an allocated throughput not shipped in the preceding month.

ITEM 6 - Liens and Title

Carrier shall have the right to reject any E-P Mix when tendered for transportation which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, If Carrier has a reasonable basis to believe that such a situation exists, it will require of the Shipper satisfactory evidence of this perfect and unencumbered title or satisfactory indemnity to protect Carrier against any and all loss resulting from transporting E P Mix involved in litigation.

ITEM 7 - Liability of Carrier

Carrier, while in possession of the E-P Mix herein described, shall not be liable for any loss, damages or delay caused by acts of God, acts of public enemy, wars, blockages, insurrections, strikes or differences with workers, riots, disorders, epidemic quarantines, landslides, lightning, earthquake, fires, storms, floods, washouts, civil disturbances, explosions, sabotage, authority of the law or of public order, or act of default of Shippers or for any other cause not due to sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. In the case of loss of any E-P Mix from any such causes, Shipper shall bear the loss in such proportion as the amount of its E-P Mix is to the volumes of all the E-P Mix then in custody of Carrier for shipment via the pipeline or other facilities in which the loss or damage occurs, and the Shipper shall be entitled to have delivered only such portion of its shipment as may remain after deduction of its proportion of such loss, but in such events, Shipper shall be required to pay transportation charges only on the quantity of E-P Mix actually delivered. Notwithstanding the foregoing, Carrier assumes full responsibility for all acts and omissions of its employees, agents, contractors, and subcontractors in performing hereunder, and the risk of injury to persons or property caused by or arising from the transportation of such products from the point of origin to the point of delivery, and agrees to hold Shipper harmless from all claims or damage or injury sustained by Carrier, its agents, employees, contractors or subcontractors or any person whomsoever. Nor shall Carrier be liable to Shipper for incidental or consequential damages. Carrier shall also not be liable to Shipper for catastrophic loss to Shipper's plant or property unless such Loss is due to Carrier's gross negligence or willful misconduct. Catastrophic Loss is defined as any loss which exceeds the sum of Five Million Dollars (\$5,000,000).

ITEM 8 - Deliveries, Component Balancing and Tenders

- Carrier will transport E-P Mix, as defined herein, with reasonable diligence considering the quality, the distance of transportation and other material elements.
- Carrier will deliver a volume of E-P Mix to the Consignee equal to the Net Volume of Receipts less adjustments provided herein.
- Carrier may require Shippers to submit written tenders in volumetric barrels and notice of its Consignee and point of delivery of its E-P Mix by the twenty-fifth (25th) day of the month preceding the month of shipment. Each Shipper will be required to furnish his pro rata share of In Line Inventory. New Shippers will be required to deliver a Net Volume of E-P Mix equal to their pro rata share of the In Line Inventory before any deliveries will be made.

ITEM 8 - Deliveries, Component Balancing and Tenders (continued)

- Carrier will furnish to each Shipper, by the tenth (10th) working day subsequent to the month of delivery, a monthly statement of (1) component volumes received by Carrier for the account of that Shipper, (2) component volumes delivered for Shipper's account to each Consignee and (3) volumes by component inventory.
- Monthly Imbalances will be determined by utilizing gas chromatography analysis of composite sample(s) to calculate Component Imbalances. If the sum of all Monthly Imbalances for the twelve (12) month period ending on December 31 of each year yields a positive result, then Carrier shall pay Shipper(s), an amount of money equal to the sum of such Monthly Imbalances, within thirty (30) days after such date. If the sum of all Monthly Imbalances for the twelve (12) month period ending on December 31 of each year yields a negative result, then Shipper(s) shall pay to Carrier, an amount of money equal to the absolute value of the sum of such Monthly Imbalances, within thirty (30) days after such date.

ITEM 9 - Payment of Transportation and Other Charges

Shipper shall pay Carrier the rate specified for transportation and other lawful charges accruing on E-P Mix tendered and accepted for shipment based on delivered volumes. Carrier shall have a lien on all E-P Mix in its possession to cover charges for transportation, and other lawful charges, and may withhold delivery of E-P Mix until said charges are paid. Payment must be made by Shipper to Carrier within ten (10) days of invoice. Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper. In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products:

- (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest acc thereon until credited to Shipper,
- (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or
- (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. In the event Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

ITEM 10 - Notice of Claims

Notice of claims for loss, damage or delay in connection with a shipment of E P Mix must be in writing to the Carrier within ninety-one (91) days after a reasonable time for delivery shall have elapsed. Suit shall be instituted against Carrier only within two (2) years and one (1) day from the day that noticed is given in writing by the Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice.

ITEM 11 - Application of Rates

Transportation and all other lawful charges accruing on E-P Mix accepted for transportation shall be assessed by the Carrier at the rate in effect at the date of delivery to destination. Transportation charges will be billed on the basis of Net Volume delivered.

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ITEM 12 - Delivery at Destinations

Upon arrival at destination, the E-P Mix will be delivered to Consignee through the facilities provided by the Consignee. The Consignee shall receive from Carrier's line without delay the E-P Mix which has been transported to the destination point for its account. If Shipper or Consignee is unable or refuses to receive said E-P Mix as it arrives at destination, the Carrier reserves the right to make whatever arrangements for disposition of the E-P Mix it deems appropriate to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by Shipper or Consignee.

ITEM 13 - Connection Agreements Required

Separate connection agreements in accordance with this Tariff and these regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise. These connection agreements may include information relating to current and future design requirements of the pipeline system.

ITEM 14 - Charge for Spill Compensation

In addition to the transportation charges and all other charges accruing on E-P Mix accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such E-P Mix, pursuant to any Federal, State, or local act or regulation which levies a tax, fee, other charge, on the Receipt, Delivery, transfer or transportation of such E-P Mix within their jurisdiction for the purpose of creating a fund for the prevention, containment, cleanup and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom.

SECTION II: PRODUCT SPECIFICATIONS

- Carrier will receive only E-P Mix for transportation under this Tariff. E-P Mix must be tendered for transportation in volumetric Barrels. The composite stream consists of a mixture of petroleum products subject to contaminate restriction and product parameters in paragraph 2 of Section II.
- Contaminant restrictions and product parameters. The specification defines only a basic purity for this product. This product is to be free of any contamination that might render the product unusable for its commonly used applications. Specific contaminants (but not limited to) are caustics, chlorides, oxygenates, heavy metals, glycol, and inorganic gases. Methanol, in excess of, limits stated herein may be accepted based on Consignees' verbal approval confirmed in writing. Where GPA, ASTM or API publications are referenced in this Tariff, the reference applies to the publication as it may be amended from time to time.

<u>Parameters</u>	<u>Test Method</u>	<u>Units (Maximums) of the Total Mixture</u>
Carbon Dioxide	GPA 2165 and	0.1 Mo1%
Methane and Lighter	GPA 2177	3.1 Mo1%
Ethane		72.0 Mo1% (minimum 60.0 Mo1%)
Butanes		2.5 Mo1%
Pentanes through Nonanes		0.5 Mo1%
Heavies (C10+)		100 ppm by weight
Sulfur	ASTM D2784	8 ppm by weight
Methanol		20 ppm by weight
Water		No Free Water
Temperature		120° Fahrenheit

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SECTION III: RATES

1. The rates published in this Tariff are for transportation within the State of Texas, through Panola Pipe Company, L.P.'s System. Such transportation is subject to the rules and regulations contained herein, and all applicable rules, regulations and orders of the Railroad Commission of Texas and other governmental authorities having jurisdiction.
2. Rates are in cents per barrel applying on E-P Mix from the established receiving facilities to the established delivery facilities at points named below:

<u>Origin Point</u>	<u>Delivery Point</u>	<u>Rate</u>
Rates in Cents Per Barrel of 42 U.S. Gallons		
Duke Energy Field Services, LP's East Texas Plant (Carthage, Panola County, Texas)	Texas Eastman Company's Longview Plant (Longview, Harrison County, Texas)	[I] 126.12

SECTION IV: EXPLANATION OF REFERENCE MARKS

[I]	Increase
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