

# ONEOK ARBUCKLE II PIPELINE, L.L.C.

## LOCAL PIPELINE TARIFF

CONTAINING

## RATES, RULES AND REGULATIONS

Governing the Interstate Transportation and Handling

of

## DEMETHANIZED MIX

Transported by Pipeline

**Includes Priority Committed Rate(s)  
FROM AND TO ORIGIN(S) AND DESTINATION(S) NAMED HEREIN**

The rates in this Tariff are filed in compliance with 18 C.F.R. § 342.3, Indexing.

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The rates named in this tariff are expressed in cents per barrel of forty-two (42) United States gallons and are subject to change as provided by law and also to the Rules and Regulations published herein, supplements hereto and reissues thereof.

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

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Issued and Compiled by:  
Katie O'Connor Barrett, Regulatory Analyst  
100 West Fifth Street  
Tulsa, Oklahoma 74103  
(918) 588-7203  
katherine.oconnor@oneok.com

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## GENERAL RULES AND REGULATIONS

### ITEM NO. 5 – DEFINITIONS

“Adequate Assurance of Performance” shall mean sufficient security in a form, amount, for a term and from an issuer, all as reasonably acceptable to Carrier, including but not limited to, cash, prepayment, a standby irrevocable letter of credit or a guaranty.

“Adverse Encumbrance” means any security interest on, claim in litigation to, ownership dispute about, or any other lien or charge of any kind on or to, Demethanized Mix, other than the lien of Carrier pursuant to the tariff.

“Affiliate” and any derivative thereof means with respect to each Party, any corporation, partnership or other entity or association that directly, or indirectly through one or more intermediaries, controls a Party, or is controlled by such Party or is under common control with such Party. As used herein, “control” (including “controlling,” “controlled by” and “under common control with”) shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies of an entity, whether through the ownership of securities or partnership or other ownership interests, by written contract, indenture, note bond, loan, instrument, lease, commitment, or otherwise.

“Barrel” shall mean forty-two (42) United States gallons of 231 cubic inches of sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure.

“Capacity” means the capacity of the Pipeline System not otherwise leased, as determined by Carrier from time to time.

“Carrier” shall mean ONEOK Arbuckle II Pipeline, L.L.C.

“Collateral” means (a) all Demethanized Mix accepted by Carrier for transportation service or otherwise, including but not limited to Shipper’s minimum Linefill; (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents; (c) all of Shipper’s pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) all Demethanized Mix and proceeds of any of the foregoing property in any form.

“Component” shall mean each of the individual hydrocarbon constituents of Demethanized Mix.

“Consignee” means the person, entity and/or facility to whom Demethanized Mix is consigned.

“Day” means a period of twenty-four (24) consecutive hours commencing at 7:00 A.M., Central Time.

“Delivery” shall mean the transfer of Demethanized Mix from Carrier at Destination Point(s) to Consignee.

“Demethanized Mix” shall mean the mixture of liquid hydrocarbons and non-hydrocarbon components that are condensed, adsorbed and/or absorbed from the separation out of natural gas and transported on the Pipeline System. Demethanized Mix does not include field condensate recovered in gas gathering systems. As used herein, “field condensate” means liquid hydrocarbons that separate from natural gas due to temperature and/or pressure changes upstream of a gas processing plant.

“Demethanized Mix Specifications” has the meaning set forth in Item No. 10.

“Destination” or “Destination Point(s)” means the outlet flange to the pipeline measurement facilities of the Pipeline that Carrier has available at or near the destinations as set forth in Item No. 95.

“F.E.R.C.” is the Federal Energy Regulatory Commission.

“Force Majeure” shall mean any cause or causes, whether foreseeable or not, and whether of the kind herein

enumerated or otherwise, which is/are not within the reasonable control of the Party claiming Force Majeure and which, by the exercise of reasonable diligence, the Party is unable to prevent or overcome (except, notwithstanding the foregoing Shipper acknowledges that with respect to Carrier's maintenance of the Pipeline System and associated facilities as required in Carrier's sole discretion, the timing and nature of said maintenance may be within the control of Carrier), including, without limitation, acts of God, acts, omissions to act and or delays in action of federal, state, tribal or local government or any agency thereof, including failure to timely issue permits of any kind or timely grant other regulatory approvals of any kind, strikes, lockouts, work stoppages, or other industrial disturbances, acts of a public enemy, sabotage, wars, blockades, insurrections, riots, acts of terror, epidemics, landslides, lightning, earthquakes, fires, storms, storm warnings, floods, washouts, extreme cold or freezing weather, arrests and restraints of governments and people, civil or criminal disturbances, interruptions by governmental or court orders; compliance (voluntary or involuntary) with federal, state, tribal or local laws, rules or regulations, permits, acts, orders, directives, requisitions, or requests of any official or agency of the federal, state, or local governments; the testing, making repairs, turnarounds, performing maintenance, alterations, enlargements or connections to machinery, facilities, or lines of pipe (whether owned, leased or rented); the necessity to not operate, or to reduce the operation of, equipment to protect the safety of the public and/or environment; present and future valid orders of any regulatory body having jurisdiction, explosions, mechanical failures, breakage or accident to equipment installations, machinery, pumps stations, plants or lines of pipe, and associated repairs, partial or entire failure of pipes, facilities, plants or equipment, electric power unavailability or shortages, partial or entire failure or refusal of operators of downstream pipelines or facilities to receive Demethanized Mix or increases in pressure of upstream or downstream pipelines or facilities, any inability to receive Demethanized Mix that is caused by pipeline prorationing or lack of capacity of operators of downstream pipelines, governmental regulations, inability to obtain or timely obtain, or obtain at a reasonable cost, after exercise of reasonable diligence, pipe, materials, equipment, rights-of-way, servitudes, permits, licenses or other governmental approvals, or labor, including those necessary for the facilities provided for in this tariff, and any legislative, governmental or judicial actions. A third party's event of Force Majeure preventing the performance of Pipeline System hereunder shall be deemed an event of Force Majeure for Carrier for all purposes herein.

It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the sole discretion of the Party having the difficulty.

The following shall not, under any circumstance, constitute an event of Force Majeure: (i) Shipper's inability to purchase Demethanized Mix; (ii) lack of funds; (iii) availability of more attractive markets for Demethanized Mix; (iv) absence of a market for Demethanized Mix; (v) availability of alternative Demethanized Mix transportation systems; or (vi) Demethanized Mix production shortfalls.

"In-Service Date" means the date that the Pipeline System is available to provide transportation services.

"Linefill" means the quantity of Demethanized Mix needed to occupy the physical space in the Pipeline System.

"Month" means a period of time commencing at 7:00 A.M. Central Time on the first Day of a calendar Month and ending at 6:59 A.M. on the first Day of the following calendar Month.

"New Shipper" means a Shipper that has not shipped Demethanized Mix utilizing Uncommitted Capacity on Carrier's system during the twelve (12) Month period preceding the first day of the Month in which the Pipeline System is last prorationed.

"Nomination" means an offer by a Shipper to Carrier of a stated quantity of Demethanized Mix for transportation from a specified Origin or Origins to a specified Destination or Destinations pursuant to the terms and conditions of this tariff.

"OPIS Price Index" shall mean the monthly average of the daily average prices per gallon, for the Month of Delivery, as quoted by OPIS ("Oil Price Information Service") in the OPIS-LP-Gas Report for "Any Current

Month” under “Mont Belvieu Spot Gas Liquids Prices” using (i) the non-TET prices for the propane, isobutane, normal butane, and natural gasoline Components; and (ii) the Purity Ethane price for the ethane Component. The OPIS Price Index is not to include any TET, Oth, or other categories of Component prices that might be published by OPIS. No value will be given to CO2 or other impurities.

“Origin” or “Origin Point(s)” means the inlet flange to the Pipeline System measurement facilities.

“Party” means Carrier and/or Shipper(s), as applicable.

“Pipeline System” means the Demethanized Mix Receipt, Delivery, pipeline, pumping, monitoring, control and ancillary facilities owned or leased by Carrier commencing at or near the Origin Point(s), and terminating at or near the Destination Point(s), as such facilities may be modified, expanded or extended from time to time.

“Priority Committed Rate” means the transportation rate to be paid by Priority Committed Shipper(s) for Priority Committed Volume as shown in Item No. 95.

“Priority Committed Shipper” means any shipper with whom Carrier has executed a TSA for transportation on the Carrier’s Pipeline System for Priority Committed Volume at any time.

“Priority Committed Volume” means the specified volume of Demethanized Mix designated in a TSA by a Priority Committed Shipper for transportation on the Pipeline System at the Priority Committed Rate. “Ratable” shall mean or refer to the Delivery of Demethanized Mix throughout each Month, in daily quantities that are approximately equal to the volume of Demethanized Mix delivered during the Month divided by the number of days in that Month.

“Receipt” shall mean the transfer of Demethanized Mix from Shipper at Origin Point(s) to Carrier.

“Regular Shipper” means a Shipper that has shipped Demethanized Mix utilizing Uncommitted Capacity on the Pipeline System at any time from the In-Service Date through the first twelve (12) Months of operation. Thereafter, a Regular Shipper is a Shipper that has shipped Demethanized Mix utilizing Uncommitted Capacity on the Pipeline System at any time during the twelve (12) Month period preceding the first day of the Month in which the Pipeline System is last prorated.

“Shipper” shall mean any party who gives notice and transports Demethanized Mix under the terms and conditions outlined in this tariff.

“Shipper Obligations” means (a) all antecedent, current and future transportation service, special, ancillary and other rates, fees or charges arising under or related to this tariff; (b) the repayment of any amounts that Carrier may advance or spend for the storage or maintenance and preservation of the Collateral; and (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing.

“TSA” or “Transportation Services Agreement” means an agreement entered into between a Priority Committed Shipper and Carrier providing for transportation or payment as if transportation on the Pipeline System occurred of a volume of Demethanized Mix by Carrier.

“Uncommitted Capacity” means 10% (ten percent) of the then current Capacity of Carrier’s Pipeline System which will be subject to allocation, unless no Priority Committed Volumes are nominated, in which case, “Uncommitted Capacity” means 100% (one hundred percent) of the then current Capacity.

“Uncommitted Shipper” means any Shipper that is not a Priority Committed Shipper.

#### **ITEM NO. 10 – DEMETHANIZED MIX SPECIFICATIONS**

Carrier is engaged in the transportation of Demethanized Mix as herein defined and will not accept any other

commodity for transportation under this tariff.

Carrier reserves the right to refuse to accept any shipment for transportation which does not conform to Carrier's current Demethanized Mix Specifications (available upon request,) or which is not good merchantable Demethanized Mix readily acceptable for transportation through Carrier's existing facilities and/or would otherwise adversely affect Carrier's Pipeline System. As a prerequisite to transportation, Shipper's Demethanized Mix must also conform to its nominated Destination Point specifications.

Shipper may be required to furnish Carrier with a certificate setting forth the specifications of each shipment of Demethanized Mix to be transported in Carrier's facilities. Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during Receipt, and in the event of variance between Shipper's certificate and Carrier's test, the latter shall prevail.

If, upon investigation, Carrier determines that Shipper has delivered to Carrier's facilities Demethanized Mix that has contaminated the common fungible stream, rendering all or a portion of the fungible Demethanized Mix stream undeliverable, Carrier reserves the right to treat or otherwise dispose of all contaminated Demethanized Mix in any reasonable commercial manner at Shipper's sole expense.

If Demethanized Mix received by Carrier does not meet Demethanized Mix Specifications, Carrier reserves the right to bill and Shipper shall pay the greater of (i) the costs and expenses incurred to treat or otherwise dispose of all contaminated Demethanized Mix including without limitation any penalties or charges incurred by Carrier as a result of such contamination, or (ii) **[U]** \$1.00 per Barrel penalty for the volume transported by Shipper.

In addition, Shipper will be liable for and will defend, indemnify and hold harmless Carrier for any and all claims, actions, suits, losses, demands, costs and expenses (including attorney's fees and costs of repairing, inspecting, cleaning, or decontaminating the facilities of Carrier or third parties) of every kind, nature or description resulting from the chemical or physical properties of any Demethanized Mix that Shipper has delivered into Carrier's system except to the extent such liability arises from Carrier's gross negligence.

#### **ITEM NO. 15 – MINIMUM NOMINATION & SCHEDULING**

Demethanized Mix will be accepted for transportation only when a Nomination has been submitted by the Shipper containing a quantity of Demethanized Mix of no less than ten thousand (10,000) Barrels in a Month consigned to one Consignee, provided, however, Carrier may for its convenience, transport same by intermittent pumpings. Lower nominated quantities may be accepted at Carrier's discretion if total supply available at a given Origin Point is less than ten thousand (10,000) Barrels in a Month.

Any Shipper desiring to nominate Demethanized Mix for transportation hereunder, shall, on or before the fifteenth (15<sup>th</sup>) Day of the Month, provide in electronic or other form acceptable to Carrier the quantity of Demethanized Mix to be nominated during the following Month with Carrier. Unless such written Nomination has been made, Carrier shall be under no obligation to accept Demethanized Mix for transportation. Nominations or changes to Nominations after the fifteenth (15<sup>th</sup>) Day of the Month will be accepted at the sole discretion of Carrier.

Demethanized Mix shall be offered for transportation in Ratable quantities which can be received into Carrier's Pipeline System at full pipeline flow rates.

Carrier will schedule, transport and deliver Demethanized Mix with reasonable diligence considering the quantity, the quality of the Demethanized Mix, distance of the transportation, safety of operations, and other material factors, but will not accept Demethanized Mix to be transported in time for any particular market. Furthermore, Carrier shall not be liable for any delay in shipments resulting from such scheduling.

#### **ITEM NO. 20 – STORAGE, ORIGIN, AND DESTINATION FACILITIES**

Carrier does not furnish storage facilities or services at Origin Point(s) or Destination Point(s).

Carrier shall accept Demethanized Mix only when Shipper and Consignee have provided necessary equipment and facilities for Receipt of Demethanized Mix into the Pipeline System and Delivery of Demethanized Mix from the Pipeline System at pressures and pumping rates required by Carrier. Carrier may require evidence showing that necessary facilities are available for delivering shipments at the Origin Point(s) and receiving shipments at the Destination Point(s) before any obligation to furnish transportation shall arise.

#### **ITEM NO. 25 – CLEAR TITLE REQUIRED**

Shipper represents and warrants that it owns all rights, title and interest in and to the Demethanized Mix delivered to Carrier. Furthermore, Shipper shall not deliver Demethanized Mix which is in any way subject to an Adverse Encumbrance, unless Shipper provides written notification to Carrier of such Adverse Encumbrance not less than twenty (20) days before such Delivery is made to Carrier. Shipper shall provide written notice to Carrier if at any time while its Demethanized Mix is in the possession of Carrier, such Demethanized Mix becomes subject to an Adverse Encumbrance.

Carrier shall not be obligated to accept Receipt from Shipper of any Demethanized Mix that is subject to an Adverse Encumbrance. Upon demand by Carrier, Shipper shall provide a bond or other form of indemnity satisfactory to Carrier that fully protects and indemnifies Carrier against any liability, loss, cost or expense that may arise as a result of such Adverse Encumbrance and secures the payment to Carrier of all rates and other charges which would become payable under the tariff if Carrier were to transport such Demethanized Mix. Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage or expense resulting from failure of title or Shipper's failure to have the right to cause the Demethanized Mix to be transported; and Shipper agrees that acceptance by Carrier of the Demethanized Mix for transportation shall not be deemed a representation by Carrier as to title.

#### **ITEM NO. 30 – MEASUREMENT**

All Demethanized Mix transported by Carrier will be measured at the Receipt point(s) and Delivery point(s) in accordance with applicable Carrier and industry accepted practices and procedures. All measurements and tests shall be performed by Carrier, but Shipper and any Consignee or their representatives may be present to witness such measurements and tests. All measurements and tests performed by Carrier shall be determinative unless they are contested within 90 days of receipt of appropriate documentation by Shipper.

#### **ITEM NO. 35 – MIXTURES**

Carrier may commingle Demethanized Mix received at the Receipt point(s). Carrier reserves the right at any time to substitute and deliver Demethanized Mix of the same specification as the Demethanized Mix shipped.

Demethanized Mix will be accepted for transportation only on the condition that it shall be subject to such changes in characteristics (including Component changes), while in transit, as may result from the mixture with other Demethanized Mix. Carrier shall be under no obligation to make Delivery of the identical Demethanized Mix, but may make Delivery out of common stock and Shippers will be required to accept such Delivery.

#### **ITEM NO. 40 – FAILURE TO TAKE DELIVERY AT DESTINATION**

Shipper shall remove Demethanized Mix, or cause Demethanized Mix to be removed, from Carrier's facilities following the transportation to a nominated Destination Point(s). In the event failure to remove Demethanized Mix threatens or prevents Delivery of succeeding shipments into or out of Carrier's facilities, and/or threatens or causes congestion on Carrier's Pipeline System, Carrier shall have the right, without liability to Shipper, to make such disposition of unremoved Demethanized Mix as is necessary for the efficient operation of the pipeline, and Shipper shall pay Carrier all charges associated with such disposition the same as if Shipper had authorized such, together with any associated additional costs and damages borne or incurred by Carrier.

In addition to any remedy available to Carrier, Shipper will pay a daily demurrage charge in the event Shipper fails to remove Demethanized Mix from Carrier's Pipeline System and that failure prevents or threatens the movement of succeeding shipments. The daily demurrage charge will be calculated by taking the tariff rate in

Item No. 95, Rates Applicable to Transportation of Demethanized Mix times the daily average of the previous Month's deliveries of the impacted shipments.

#### **ITEM NO. 45 – INVOICING AND PAYMENT OF CARRIER CHARGES**

Carrier shall assess transportation and all other lawful charges accruing on Demethanized Mix accepted for transportation at the transportation rate in effect on the date Demethanized Mix is delivered to Delivery point(s).

Carrier shall invoice and Shipper shall pay for transportation charges and all other lawful charges accruing on Demethanized Mix accepted in accordance with Carrier's then current payment policies and procedures at the transportation rates published herein.

Carrier shall bill Shipper Monthly for all transportation charges and other charges due based upon volumes delivered by Carrier to Shipper during each Month. Shipper shall pay all charges within ten (10) days of the invoice from Carrier. Carrier, at its discretion, may require Shipper to pay all such charges and fees in advance or to provide Adequate Assurance of Performance. All charges that remain unpaid for more than ten (10) days from the date of Carrier's invoice shall accrue an interest charge of the lesser of (i) 18% percent annum, or (ii) the maximum non-usurious interest rate which may then be charged under New York law.

Shipper hereby assigns and grants to Carrier a continuous and continuing security interest in, and assignment of, all Collateral, whether now or hereafter existing or acquired, as collateral security for the prompt and complete payment and performance of the Shipper Obligations. The foregoing grant and assignment of Collateral secures all Shipper Obligations. If any amounts accruing and owed to Carrier under this tariff remain unpaid ten (10) days after final notice, Carrier shall have the right, in addition to and not in limitation of its other rights and remedies, to liquidate and apply the proceeds to the payment of all such charges and to reimburse Carrier for expenses associated with liquidating the Collateral.

If Shipper fails to pay any charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and, if required by Carrier, Shipper meets the creditworthiness requirements of Item 90. In addition, Carrier reserves the right to set-off any amounts owed to Carrier against any monies owed by Carrier, or any of its Affiliates, to Shipper or any of its Affiliates under its tariff, or against any Shipper's Demethanized Mix in Carrier's custody. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including reasonable attorney's fees and costs incurred by Carrier.

Carrier shall have a lien on all Demethanized Mix in its possession belonging to Shipper, or its Consignee, which shall take effect at the Receipt point(s). The lien is to secure the payment of any and all unpaid transportation, or any charges that are due Carrier, and Carrier reserves the right to withhold such Demethanized Mix from Delivery until all unpaid charges have been paid and it shall be in addition to any and all other rights and remedies Carrier has at law or in equity.

#### **ITEM NO. 50 – CLAIMS, SUITS, AND TIME FOR FILING**

Notice of all claims must be made in writing to Carrier within nine (9) Months after Delivery of the Demethanized Mix, or in the case of a failure to make Delivery, then within nine (9) Months after Delivery of the Demethanized Mix to Carrier for shipment.

Suits against Carrier shall be instituted only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice.

Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier shall therefore not be liable.



## ITEM NO. 55 - PRORATION OF PIPELINE CAPACITY

### 1. Prorating of Priority Committed Volume.

Priority Committed Shipper's monthly Priority Committed Volumes will not be subject to prorating to accommodate Uncommitted Shippers. Priority Committed Shipper's volumes in excess of its monthly Priority Committed Volumes will be subject to allocation and treated the same as Regular Shippers in accordance with Section 2, of this Item No. 55 – Prorating of Uncommitted Capacity.

### 2. Prorating of Uncommitted Capacity.

- 2.1 **When Volume will be prorated.** Carrier will prorate the Uncommitted Capacity during any Month when it determines, based upon the Nominations submitted in a timely and proper manner by Shippers, that the total volume Nominated by all Shippers for shipment utilizing Carrier's Uncommitted Capacity during that Month exceeds the total Uncommitted Capacity or portion thereof during periods of Force Majeure.
- 2.2 **Division of Capacity between Shipper classes.** Except as provided in paragraphs 2.7 and 2.9, Uncommitted Capacity shall be divided between Regular Shippers as a class and New Shippers as a class.
- 2.3 **Availability of Capacity to Regular Shippers.** After the adjustment for New Shippers, as provided in paragraphs 2.5 and 2.6, all remaining Uncommitted Capacity shall be available to Regular Shippers who have Nominated volume for the Month.
- 2.4 **Allocation to each Regular Shipper.** Each Regular Shipper shall be allocated a volume of the Uncommitted Capacity available to all Regular Shippers that is equal to a ratio, the numerator of which is the Shipper's volumes transported, or paid for as if transported, utilizing Carrier's Uncommitted Capacity during the latest twelve (12) Month period, for which the Month-end processes are completed preceding the Month for which the Regular Shipper's allocation is being calculated, and the denominator of which is the total volumes transported and volumes paid for as if transported utilizing Carrier's Uncommitted Capacity during such 12-Month period by all Regular Shippers, multiplied by the Uncommitted Capacity available to all Regular Shippers during that Month. For the first twelve (12) Months following the In-Service Date the allocation shall be based on the number of Months during which the Carrier has been providing transportation services.
- 2.5 **Availability of Capacity to New Shippers.** Not more than five (5) percent of the total Capacity shall be made available to New Shippers.
- 2.6 **Allocation to each New Shipper.** Each New Shipper shall be allocated a volume of the Uncommitted Capacity available to all New Shippers which is equal to the lesser of:
- (a) five (5) percent of the total Capacity divided by the number of New Shippers who Nominated volumes utilizing Carrier's Uncommitted Capacity during the Month for which the allocation is being calculated; or
  - (b) 1.25 percent (one-fourth of 5%) of the total Capacity for that Month.
- 2.7 **Unnominated Capacity.** Any amount of Uncommitted Capacity available to New Shippers under the rules in paragraphs 2.5 and 2.6, but is not Nominated by an eligible New Shipper shall be made available to Regular Shippers in accordance with the rules in paragraphs 2.3 and 2.4.

2.8 **Reallocation of unused allocated Uncommitted Capacity.** If, during a Month in which Capacity is prorated, a Shipper fails to use all of its allocated Uncommitted Capacity, such unused Uncommitted Capacity shall be available to other Shippers, as follows:

- (a) Unused allocated Uncommitted Capacity resulting from a Regular Shipper's failure to use all of its allocated Uncommitted Capacity shall be reallocated among other Regular Shippers in accordance with the rules in paragraph 2.4.
- (b) Unused allocated Uncommitted Capacity resulting from a New Shipper's failure to use all of its allocated Uncommitted Capacity shall be reallocated among other New Shippers in accordance with the rules in paragraph 2.6. If, however, the reallocation would cause any New Shipper's total allocation for a Month to exceed 1.25 percent of the total Capacity for that Month, such excess shall be treated as unused allocated Uncommitted Capacity and shall be reallocated among Regular Shippers in accordance with the rules in subparagraph (a) of this paragraph.

2.9 **Failure to use allocated Capacity.**

- (a) A Shipper that fails to use all of its allocated Uncommitted Capacity during a Month of prorating shall have its allocation of Uncommitted Capacity reduced in each subsequent Month of prorating until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated Uncommitted Capacity and shall be reallocated to other Shippers who wish to utilize Carrier's Uncommitted Capacity.
- (b) Reduction of a Shipper's Uncommitted Capacity for failure to use its allocated Uncommitted Capacity during a prior Month of prorating may be waived, in whole or in part if Carrier determines, in its sole discretion, that the Shipper's failure to use all or some of its Uncommitted Capacity was due to factors beyond the Shipper's reasonable control.

2.10 **Transfer of prorated Capacity; Use of Affiliates.** Volume 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 Affiliated or cooperating entity to obtain an increased allocation of prorated Capacity.

Priority Committed Shipper's monthly Priority Committed Volume, that has been transported or paid for as if transported, shall be included in the calculation of the Shipper's prior 12-Month period transported volume for purposes of prorating subsequent to the expiration of Shipper's TSA.

#### **ITEM NO. 60 – LIABILITY OF CARRIER**

While in possession of Demethanized Mix nominated for shipment, Carrier shall not be liable to Shipper for any delay in Delivery, damage thereto, or for any loss of Demethanized Mix caused by Force Majeure or by act of default of Shipper or Consignee, or resulting from any other cause not due to the gross negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss or damage shall be apportioned by Carrier to each shipment of Demethanized Mix or portion thereof involved in such loss in the proportion that such shipment or portion thereof bears to the total of all Demethanized Mix in the loss, and each Consignee shall be entitled to receive only that portion of its shipment remaining after deducting his proportion as above determined of such loss. Carrier shall prepare and submit a statement to Shipper and Consignee showing the apportionment of any such loss.

Carrier will not be liable for discoloration, contamination, or deterioration of Demethanized Mix transported unless such discoloration, contamination, or deterioration of Demethanized Mix transported results from the gross negligence of Carrier.

The Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Demethanized Mix transported or stored hereunder, and Carrier expressly disclaims any liability for any expressed or implied warranty for Demethanized Mix transported or stored hereunder including any warranties of merchantability or fitness for intended use.

#### **ITEM NO. 65 – GAINS OR LOSSES**

Shippers are responsible for Pipeline System gains and losses (including Component imbalances), calculated as the difference between measured Receipts and measured Deliveries. Gains or losses will be apportioned according to each Shipper's proportionate share of measured Deliveries.

#### **ITEM NO. 70 – COMPONENT BALANCING**

Shippers shall be responsible for reconciling Component imbalances that may arise between Receipt and Delivery of Demethanized Mix due to the composition variances resulting from the blending of various streams. Participation in the Component balancing process is a pre-requisite to shipping on Carrier.

On a monthly basis, Shippers are required to cash out any Component imbalance to zero. The shipper cash out position equals the sum of (i) each Component imbalance multiplied by (ii) the corresponding OPIS Price Index ("Shipper Cash Out Position"). The Shipper will be notified by Carrier of its Shipper Cash Out Position on the Component balance statement. A Shipper Cash Out Position due Carrier shall be paid by Shipper within six (6) days of the invoice date on the Component balance statement. A Shipper Cash Out Position due Shipper shall be paid by Carrier within six (6) days of the invoice date on the Component balance statement.

#### **ITEM NO. 75 – LINEFILL REQUIREMENTS**

Each Shipper will supply a pro rata share of Demethanized Mix for Linefill as Carrier determines is necessary to maintain efficient operations of Carrier's Pipeline System. Each Month Carrier shall adjust the Linefill so that each Shipper shall provide its pro-rata amount of Linefill based upon a ratio of the total shipments by the Shipper to the total shipments over the respective line for the preceding Month. Subject to the provisions of Item No. 45, Invoicing and Payment of Carrier Charges, Demethanized Mix furnished to Carrier pursuant to this Item No. 75 shall be returned to Shipper after such Shipper has provided written notice to Carrier of Shipper's intent to cease shipping and after a reasonable period of time to allow for administrative and operational requirements associated with the withdrawal of such Demethanized Mix. Such notice shall be provided to the Director of Marketing.

#### **ITEM NO. 80 – PIPEAGE CONTRACTS**

Separate agreements may be required of the proposed Shipper before any duty of transportation shall arise.

#### **ITEM NO. 85 – APPLICATION OF RATES TO INTERMEDIATE POINTS**

For Demethanized Mix accepted for transportation from a point not named in Carrier's tariff, the existing rates between points named in the tariff will be applied to transportation movements from intermediate origin points not named in the tariff to named Destination Points, and from named Origin Points to intermediate destination points not named in the tariff. Carrier will file a tariff publication applicable to the transportation movements within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

#### **ITEM NO. 90 – CREDITWORTHINESS OF SHIPPERS**

Carrier shall not be required to provide service on behalf of any Shipper or provide service or to continue service for any Shipper who is or has become insolvent or who, at Carrier's request, fails within a commercially reasonable time to demonstrate creditworthiness as determined by the Carrier in its sole discretion; provided,

however, Shipper may receive service if Shipper furnishes good and sufficient security as determined by Carrier in the exercise of reasonable discretion. Unless otherwise agreed to, if Carrier has reasonable grounds for insecurity regarding the ability of Shipper to perform its obligations, Carrier shall require Adequate Assurance of Performance and Shipper shall have two (2) business days to provide such Adequate Assurance of Performance. In each case, the amount of the security shall be an amount not to exceed the sum of three (3) months of the estimated: (a) transportation and other charges and (b) Shipper Cash Out Position due Carrier. If Shipper fails to provide the requested Adequate Assurance of Performance within such two (2) business day period, then Carrier may suspend services to Shipper.

For the purpose of this section, the insolvency of a Shipper shall be evidenced by the filing by Shipper or any parent entity thereof of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction over the premises adjudging Shipper bankrupt or insolvent or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition or in respect to the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of thirty (30) consecutive days.

**ITEM NO. 95 – RATES APPLICABLE TO TRANSPORTATION OF DEMETHANIZED MIX**

**PRIORITY COMMITTED RATE(S)<sup>(1)</sup>**

*(in cents per Barrel)*

ORIGIN(S)	DESTINATION(S)	RATE
Counties in Oklahoma	Mont Belvieu, Texas (Chambers County)	[D] 320.80

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**EXPLANATION OF REFERENCE MARKS:**

<sup>(1)</sup> The Priority Committed Rate(s) published in Item No. 95 are charged to Priority Committed Shipper(s) pursuant a TSA executed as a result of the open season that concluded on October 7, 2019. The Priority Committed Rate(s) charged pursuant to such TSA shall be 1.0000 cent per Barrel higher than the currently effective Uncommitted Rate(s) under ONEOK Arbuckle II Pipeline, L.L.C. F.E.R.C. Tariff No. 1.

- [D] Decrease
- [U] Unchanged