

**[W]Enterprise Crude Pipeline LLC Enterprise Interstate Crude LLC Proration Policy  
for the New Mexico System  
[W] July 1, 2018 July 30, 2019**

**Proration of Capacity**

- A. Carrier will use this Proration Policy to allocate Capacity among all Shippers for any month for which Carrier determines that the aggregate volume of Crude Petroleum Nominated by all Shippers for receipt into or delivery from the Pipeline or a Pipeline segment exceeds the Capacity.
- B. Nothing in this Proration Policy will prevent Carrier from allocating Capacity on an equitable basis in a manner that differs from the specific provisions of this Proration Policy during any period in which there is an imminent threat to public health, safety, or the environment.

**1. Definition of Terms**

- 1.1 The defined terms “**Affiliate**”, “**Carrier**”, “**Committed Volume**”, “**Crude Petroleum**”, “**Destination Point**”, “**Minimum Volume**”, “**Nomination**”, “**Origin Point**”, “**Pipeline**”, “**Priority Service Shipper**”, and “**Shipper**” have the meanings ascribed to them in Rules and Regulations, Item No. 1, of ~~[W]the Enterprise Crude Pipeline LLC FERC Tariff No. 37.0.0~~Carrier’s FERC Tariff No. 4.0.0, or subsequent issues thereof.
- 1.2 The following defined terms when used in this Proration Policy have the following meanings:
  - 1.2.1 “**Actual Shipments**” means actual volumes of Crude Petroleum that originate on the Pipeline or applicable Pipeline segment at the Origin Points and that are ultimately delivered at the Destination Point. All volumes will be measured at the Origin Points.
  - 1.2.2 “**Allocation Month**” means any month in which Carrier determines that the aggregate volume Nominated by all Shippers for receipt into or delivery from the Pipeline or the applicable Pipeline segment exceeds the Capacity in such month.
  - 1.2.3 “**Average Monthly Volume**” means (a) for Regular Shippers, the average of a Regular Shipper’s monthly Actual Shipments on the Pipeline or the applicable Pipeline segment during the entire Base Period, and (b) for Priority Service Shippers, the greater of (i) the average of a Priority Service Shipper’s monthly Actual Shipments on the Pipeline or the applicable Pipeline segment during the entire Base Period (or such portion of such average monthly Actual Shipments as does not result in an allocation to another Priority Service Shipper under Section 2.1 that reduces such other Priority Service Shipper below its Committed Volume for the Allocation Month), and (ii) the Priority Service Shipper’s Committed Volume applicable to the Allocation Month.
  - 1.2.4 “**Base Period**” means a cumulative rolling period of 12 consecutive months ending one month prior to the Allocation Month.
  - 1.2.5 “**Binding Nomination**” means the volumes allocated to each Shipper pursuant to Section 2.
  - 1.2.6 “**Capacity**” means the maximum throughput volume of the Pipeline or the applicable Pipeline segment for an Allocation Month under then-current operating conditions as determined by Carrier.
  - 1.2.7 “**First-Tier Capacity**” means the first 90% of the Capacity.
  - 1.2.8 “**New Shipper**” means a Shipper that is not a Regular Shipper or a Priority Service Shipper.
  - 1.2.9 “**Regular Shipper**” means a Shipper other than a Priority Service Shipper that has Actual Shipments in each of the twelve months of the Base Period. A Regular Shipper ceases to be a Regular Shipper if it has no Actual Shipments for one or more months out of the Base Period, and thereafter, that Shipper will be treated as a New Shipper unless and until it meets Regular Shipper criteria.
  - 1.2.10 “**Second-Tier Capacity**” means the last 10% of the Capacity.

## **2. Proration Procedure**

For any Allocation Month, Carrier shall prorate the Nominations among Shippers on the Pipeline or applicable Pipeline segment as follows:

- 2.1 The First-Tier Capacity will be allocated by Carrier to all Priority Service Shippers pro rata based on each Priority Service Shipper's Average Monthly Volume.
- 2.2 Any remaining First-Tier Capacity not allocated through the application of Section 2.1 will be allocated by Carrier to all Regular Shippers pro rata based on the lesser of each Regular Shipper's Average Monthly Volume or its Nominated volume.
- 2.3 The Second-Tier Capacity will be allocated by Carrier to Regular Shippers and New Shippers, if any, who have not already been allocated capacity pursuant to Section 2.2, on a pro rata basis but not to exceed such Shipper's Nominated volume. If the pro-rata allocation in a given Allocation Month under this Section 2.3, based on the number of Shippers making Nominations, results in no Shipper being allocated the Minimum Volume, then Carrier will administer the lottery process described in Section 6. A New Shipper or Regular Shipper will not be allocated capacity if it is an Affiliate of another Shipper who received an allocation through (i) the lottery process or (ii) Section 2.1 or Section 2.2 .
- 2.4 Carrier will allocate any remaining capacity not allocated through the application of Section 2.1 through 2.3 pro rata based on original Nominations among all Shippers that were allocated capacity through the application of Sections 2.1, 2.2 or 2.3, having remaining Nominations (and if the allocation to any Shipper pursuant to this Section 2.4 exceeds its remaining Nomination, the excess will be allocated among all other remaining Nominations until the remaining capacity is fully allocated or all of the remaining Nominations have been fulfilled).
- 2.5 Once Carrier has determined the capacity allocated to each Shipper for the Allocation Month under the steps in this Section 2, it shall provide notice to each Shipper of its Binding Nomination for the Allocation Month. Any Shipper Nomination in excess of its Binding Nomination will be reduced accordingly.
- 2.6 No individual Shipper Nomination will be considered beyond the Capacity of the Pipeline or applicable Pipeline segment. Nominations in excess of this limit will be reduced accordingly.

## **3. Failure to Use Allocated Capacity**

If any Shipper fails to deliver volumes to the applicable Origin Point during the Allocation Month equal to 100% of its Binding Nomination for such Origin Point for that month, then such Shipper shall pay to Carrier, in the aggregate, the tariff charge for 100% of the Binding Nomination, and any such Shipper that is a Regular Shipper or New Shipper will lose its ability to ship volumes on the Pipeline for the period of one calendar month.

## **4. Restrictions on Transfer of Allocation**

Subject to Section 5, the allocated capacity of any Shipper may not be sold, assigned, conveyed, loaned, transferred, or used in any manner except as expressly permitted in this Proration Policy. If any Shipper, by any device, scheme, or arrangement whatsoever, attempts to sell or transfer all or any part of its allocated capacity to any other Shipper in violation of this Proration Policy, or if any Shipper attempts to buy or receive and use any portion of the allocated capacity of another Shipper in violation of this Proration Policy, then the allocated capacity of each such Shipper will be reduced in the next Allocation Month after the date the violation is discovered, by a volume equal to twice such attempted transfer. Any allocated capacity that becomes available under this Section 4 will be allocated among the other Shippers that Nominate in the next Allocation Month in an equitable manner.

## **5. Transfer of Average Monthly Volume**

A Shipper's Average Monthly Volume may not be sold, assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper, except a Shipper may transfer its Average Monthly Volume as follows: (a) in the case of request by a Regular Shipper and that Regular Shipper's Affiliate to consolidate the Average Monthly Volume into a single entity; and (b) to a purchaser of the acreage or mineral interests from which the Crude Petroleum that established the Average Monthly Volume was produced. To transfer its Average Monthly Volume, a Shipper must provide Carrier with documentation agreeing to the transfer signed by an authorized individual in the Shipper's organization and by an authorized individual in the proposed transferee's organization. Such documentation must contain, at a minimum, the following information:

- (a) the percent of the Shipper's Average Monthly Volume from a specific Origin Point to a specific Destination Point to be transferred to the transferee's account; and

- (b) the effective date of the transfer of such Average Monthly Volume, which date must be as of the beginning of a calendar month and must be not less than 10 business days after Carrier receives notice of the proposed transfer.

Carrier, after receipt of such documentation, will promptly notify the Shipper and the transferee whether it has approved the transfer. Carrier is entitled to fully rely on and conform its records to reflect each transfer.

## **6. Lottery Process**

Carrier will administer a lottery process in order to allocate capacity to Shippers pursuant to Section 2.3 as follows:

- (a) Carrier will use a random number generating software to randomly assign each Shipper a number from one to the number representing the total number of Shippers participating in the lottery (i.e., if there are 30 Shippers, then numbers one through 30 will be assigned);
- (b) each allotment of capacity subject to the lottery shall be equal to the Minimum Volume;
- (c) the Shipper assigned number one will receive the first Minimum Volume allocation. Thereafter, each Minimum Volume allocation will be assigned to Shippers sequentially, from lowest assigned number to highest assigned number, until the Second-Tier Capacity is fully allocated; and
- (d) following the lottery, Carrier will notify Shippers as to whether or not they were allocated capacity for the applicable Allocation Month.

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[W] Change in wording only