

EPIC Y-GRADE PIPELINE, LP
Y-GRADE COMPONENT BALANCING POLICY

ARTICLE 1
DEFINITIONS

1.1 Capitalized terms not defined in this “*Y-Grade Component Balancing Policy*” have the meanings defined in Carrier’s effective Rules and Regulations Tariff. This Y-Grade Component Balancing Policy shall not apply in Months where only one Shipper has shipped Product on the Pipeline for each Day in a given Month.

1.2 “*Adjusted Mont Belvieu OPIS Benchmark*” means for each Component the Monthly Business Day average of the applicable Component Non-TET OPIS Mont Belvieu Spot Gas Liquids Price for the Month when such Monthly Component Imbalance Position is measured, less the T&F Adjustment (10 cents per gallon).

1.3 “*Aggregate Component Delivery Volume*” means during a given Month, a Shipper’s aggregate Component Volumes delivered to Shipper, or its Consignee, at all applicable Delivery Point(s).

1.4 “*Aggregate Component Tender Volume*” means during a given Month, a Shipper’s aggregate Component Volumes Tendered at all applicable Origin Point(s), adjusted for any change in Line Fill requirements as prescribed in Rule 12 of the Rules and Regulations.

1.5 “*Component(s)*” means each of the five individual hydrocarbon constituents contained in Y-Grade, including ethane, propane, isobutane, normal butane, and natural gasoline (with natural gasoline including all pentane and heavier hydrocarbon components).

1.6 “*Component Balancing Statement*” has the meaning set forth in Section 2.1(b)(i) of this Y-Grade Component Balancing Policy.

1.7 “*Component Volume(s)*” means a unit of Component volume calculated at 60 degrees Fahrenheit in accordance with the latest edition of Gas Processors Association (GPA) 8173.

1.8 “*Monthly Cash Out Position*” means the sum of a Shipper’s Monthly Component Imbalance Positions for each Component for a given Month.

1.9 “*Monthly Component Imbalance Position(s)*” means for each Component the Net Component Imbalance Volume multiplied by the applicable Adjusted Mont Belvieu OPIS Benchmark.

1.10 “*Net Component Imbalance Volume*” means for each Component (in aggregate for a given Month) the difference between the Aggregate Component Tender Volume and the Aggregate Component Delivery Volume.

1.11 "*Non-TET OPIS Mont Belvieu Spot Gas Liquids Price*" means the applicable Daily price published by OPIS under the column "Avg" under "Any Current Month" for purity Components reported as "Non-TET." For Ethane this is the row listed as "Purity Ethane"

1.12 "*OPIS*" mean the Oil Price Information Service.

1.13 "*T&F Adjustment*" means, for the purpose of calculating the Adjusted Mont Belvieu OPIS Benchmark, a ten (10) cents per gallon downward adjustment reflecting the differential between the price for purity Components deliverable to the Mont Belvieu Caverns (the Non-TET OPIS Mont Belvieu Spot Gas Liquids Price) and the value of Y-Grade Components delivered to the applicable Delivery Points on the Pipeline.

1.14 "*Y-Grade*" means unfractionated Product or NGLs as defined in Carrier's Tariffs.

ARTICLE 2 Y-GRADE COMPONENT BALANCING

2.1 The following terms are applicable to all Y-Grade transported on Carrier's Pipeline:

(a) Consistent with the terms of Carrier's Tariffs, Carrier will transport Y-Grade with reasonable diligence considering the quality of the Y-Grade, the distance of transportation, and other material elements. Y-Grade Tendered by all Shippers will be commingled in the Common Stream, and therefore Carrier cannot warrant that Y-Grade delivered to Shipper, or its Consignee, will contain the same proportions of Components as Shipper's Tendered Y-Grade.

(b) Subject to the foregoing Section 1.1 of this Y-Grade Component Balancing Policy, to address the preceding Month's Component variations caused by shipping in the Common Stream, each Shipper as a condition of service shall be required to participate in a mandatory Component imbalance cash out process. Specifically, for each Month, each Shipper shall be required to cash out each of its Monthly Component Imbalance Positions to zero as set forth herein.

(i) Within five (5) Business Days after the end of each Month, Carrier shall issue to each Shipper a "*Component Balancing Statement*," which shall set forth, for each Shipper for that Month, Shipper's: (i) Aggregate Component Tender Volume, (ii) Aggregate Component Delivery Volume, (iii) Net Component Imbalance Volume for the each Component of Y-Grade shipped, (iv) its Monthly Component Imbalance Position for each Component of Y-Grade shipped, and (v) its Monthly Cash Out Position

(ii) Carrier shall calculate each Shipper's Monthly Component Imbalance Position for each Component by multiplying the applicable Net Component Imbalance Volume by the applicable Adjusted Mont Belvieu OPIS Benchmark value. Carrier shall calculate each Shipper's Monthly Cash Out Position by adding together each Shipper's Monthly Component Imbalance Positions for such Month.

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(iii) If a Shipper's Monthly Cash Out Position is a negative number, Shipper shall pay such amount to Carrier within ten (10) Business Days after Shipper receives such Component Balancing Statement for that Month. If a Shipper's Monthly Cash Out Position is a positive number, Carrier shall pay such amount to Shipper within ten (10) Business Days after Carrier issues that Month's Component Balancing Statement to such Shipper.