

PLAINS MIDSTREAM CANADA ULC RULES AND REGULATIONS

Applying on

LIGHT HYDROCARBON LIQUID PRODUCTS

General Application

These Rules and Regulations apply to and govern the use of Plains Midstream Canada ULC's LHL pipeline systems, which include the following: Eastern Delivery Pipeline System, Sarnia Downstream Pipeline System, Windsor-Sarnia Pipeline, and Kalkaska Pipeline. The Rules and Regulations published herein apply under tariffs making specific reference by number to these Rules and Regulations; such reference shall include supplements hereto and successive issues hereof. These Rules and Regulations also replace and apply in place of any prior rules and regulations published for any of the aforementioned pipeline systems. Specific rules and regulations published in individual tariffs will take precedence over these Rules and Regulations. These Rules and Regulations apply to all Shippers using Carrier's systems, each Shipper accepts these Rules and Regulations as a legally binding contract made among Shipper, Carrier and each of Carrier's other Shippers on the terms contained herein and as they may be amended in any subsequent revisions which are, from time to time, issued by Carrier.

LHL Products will be transported through the Pipeline System by Carrier only as provided in the Rules and Regulations.

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RULES AND REGULATIONS

ITEM 5 ABBREVIATIONS AND DEFINITIONS

Except where the context expressly states another meaning, the following terms when used in this tariff for the Pipeline System shall have the following meanings:

“Buffer” means LHL Products or such other product acceptable to Carrier to be provided by Shipper in accordance with Item 80 to minimize Interface and to maintain LHL Product quality.

“Carrier” means Plains Midstream Canada ULC, and any of its successors or permitted assigns.

“Day” means a period of 24 consecutive hours, beginning and ending at 7:00 a.m. Mountain Time. The reference date for any day shall be the calendar date upon which the 24 hour period commences.

“Delivery Point” means a location for the delivery of LHL Products out of the Pipeline System as specified in the Table of Rates from time to time by Carrier under this tariff.

“Force Majeure” means any event or circumstance not reasonably within the control of the Person claiming suspension and which by the exercise of due diligence such Person is unable to prevent or overcome, including (i) fire, storm, flood, epidemics or other Acts of God, (ii) riots, insurrection, rebellion, sabotage, (iii) strikes, labour disturbances, shortage of labour, (iv) breakdown or operational disruption related to Carrier’s transportation facilities, (v) war or the acts of the Queen’s enemies, (vi) quarantine, or (vii) authority of law or from any order, requisition, interest or necessity of any federal, provincial or local government or governmental authority.

“Interface” means the product resulting from the interfacial mixing that occurs in the Pipeline System between two batches of different LHL Products.

“LHL Product(s)” means Light Hydrocarbon Liquid Products and is limited to ethane and heavier hydrocarbons with (i) a maximum end boiling point of 185° Celsius, (ii) no free water content, and (iii) otherwise meeting the requirements set forth in Item 25.

“m3” means cubic metre at a temperature of fifteen (15) degrees Celsius, and equilibrium vapour pressure.

“Month” means the period beginning at the commencement of the first Day of a calendar month and ending at the commencement of the first Day of the next succeeding calendar month.

“Mountain Time” means either Mountain Standard Time or Mountain Daylight Time, whichever is in effect at the applicable time.

“**NEB**” means the National Energy Board of Canada or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor.

“**Person**” means a natural person, firm, trust, partnership, corporation, government or governmental agency.

“**Pipeline System**” means, as the context requires, collectively all, or any part, of that system of pipelines and related equipment including but not limited to pumping, monitoring, inlet and outlet facilities.

“**Receipt Point(s)**” means a location for the receipt of LHL Products into the Pipeline System as specified in the Table of Rates from time to time.

“**Shipper**” means a Person who Tenders LHL Products under this tariff.

“**Tender**” and any derivative thereof, means an offer by a Shipper to Carrier of a stated quantity of LHL Products for transportation from a Receipt Point to a Delivery Point.

“**Windsor Terminal**” means the terminalling facility located in Windsor, Ontario at the junction of the Kinder Morgan Cochin Pipeline, the Eastern Delivery System, and the Windsor-Sarnia Pipeline.

ITEM 10 COMMODITY

This tariff applies solely to the transportation of LHL Products on the Pipeline System.

ITEM 15 TENDERS

LHL Products will be transported on the Pipeline System only under a Tender accepted by Carrier in accordance with Item 20. Shippers desiring to Tender LHL Products for transportation during a Month shall provide to Carrier, in writing, a Tender on or before the fifteenth (15th) Day of the preceding Month. The Tender shall specify the type of LHL Product to be shipped and shall include, if then available, a certificate from an arms length third party carrier upstream of the Pipeline System showing the detailed specifications of all LHL Products and, when applicable, Buffer Tendered for transportation. If a Shipper cannot obtain such a certificate at the time of delivering its Tender, such certificate shall in any event be provided to Carrier no later than three (3) days prior to delivery by Shipper of its LHL Product into the Pipeline System.

When applicable, all Tenders shall be deemed to include, in addition to the LHL Products Tendered, any Buffer or share of Buffer determined by Carrier, acting reasonably, as necessary for transportation of any Shipper’s LHL Product pursuant to Item 80.

Shipper shall, upon notice from Carrier, provide written third party verifications of the matters referred to in Items 35(a) and 60 required by Carrier in support of such Tenders.

Carrier shall not be obligated to accept a Shipper's LHL Product where any such verification is unacceptable to Carrier, acting reasonably.

ITEM 20 QUANTITIES

A Tender will, subject to Items 15, 35(a) and 60, be accepted by Carrier only when the total Tendered volume, including any Buffer specified by or acceptable to Carrier pursuant to Item 15, is made available for transportation within the Month at the times, delivery rate and quantities to be specified by Carrier, acting reasonably.

ITEM 25 QUALITY OF LHL PRODUCTS ACCEPTABLE

Carrier will accept for transportation marketable LHL Products of specified gravity not less than 0.30 or greater than 0.70 and with vapor pressure not greater than 4,380 kilopascals (kPa) at operating temperatures. Product mixture must not contain more than 100 ppm of sulphur by weight or 0.2% by volume of unsaturated hydrocarbons.

The products accepted for transportation must not materially affect the quality of other shipments being transported or cause a disadvantage to any other Shipper. A Shipper shall furnish Carrier with a certificate showing the detailed specifications of all products Tendered for transportation.

Shipper shall indemnify Carrier for any losses incurred by Carrier arising from the Tender of product that does not satisfy the specifications set forth in this tariff.

ITEM 30 VARIATIONS IN QUALITY

LHL Products accepted for transportation in the Pipeline System will be subject to such changes in gravity, color, quality, or other characteristics while in transit as may result from normal pipeline operations.

ITEM 35 DELIVERY

- a) Carrier does not have storage available for Shipper's LHL Products at either the Receipt Point(s) or Delivery Point(s). LHL Products will not be accepted for transportation on the Pipeline System until written evidence, satisfactory to Carrier, has been provided by Shipper to Carrier. The evidence must support the representation that Shipper has made all necessary arrangements with facilities to which Carrier is connected at the Receipt Point and Delivery Point, for providing the Tendered volume to Carrier at the Tendered Receipt Point, and accepting of delivery at the Tendered Delivery Point of the same quantity of LHL Products offered for transportation, including any associated Buffer and Interface.

- b) If Carrier has accepted LHL Products for transportation in reliance upon Shipper's representation as required in Item 35 (a), and Shipper fails to take such LHL Products at the Delivery Point as provided in this tariff, then Carrier shall have the sole right, on 24-hours notice to Shipper, to sell, as Shipper's agent, such LHL Products and any allocated share of Buffer and Interface in such manner as may be permitted in accordance with applicable law. For this purpose Carrier shall be entitled to deem volumes of LHL Products equivalent in quantity and comparable quality to the LHL Product not removed by Shipper from the Pipeline System to have been removed into storage at the Windsor Terminal to effect the sale. Carrier shall, from the proceeds of sale, pay itself all transportation charges and other necessary expenses of caring for, maintaining and selling the applicable LHL Products, Buffer and Interface. Any remaining balance of the sale proceeds shall be held for whosoever may be lawfully entitled to such proceeds.
- c) Notwithstanding Item 35(b), Carrier shall have the discretion, acting reasonably, to extend the twenty-four (24) hour period in Item 35 (b) for up to three (3) Days for demurrage provided it does not limit space for receipt or delivery of other Shippers' LHL Products. During such extended time period for demurrage as may be granted by Carrier, Shipper shall incur a one-time demurrage charge of two dollars and fifty cents (\$2.50) per m3 plus and additional nineteen cents (\$0.19) per m3 per Day until removed. Such demurrage charges will start after the expiry of the initial twenty-four (24) hour notice. After the expiry of the demurrage period, Carrier shall have the right to sell such LHL Products, Buffer and Interface without further notice in the manner set forth in Item 35(b). Demurrage charges shall be charged on a first in first out basis and shall be payable by Shipper upon presentation of an invoice therefor issued by Carrier.
- d) Carrier shall be under no obligation to make delivery of the identical LHL Products received from Shipper for transportation on the Pipeline System.
- e) While Carrier will attempt to deliver LHL Products in a timely manner, Carrier makes no guarantees with respect to delivery times.
- f) Carrier shall be under no obligation to receive LHL Product Tendered by Shipper where Shipper has failed to provide the volume of Buffer required to be delivered pursuant to Item 80, nor shall Carrier be obligated to deliver LHL Product Tendered by Shipper where Shipper is unable to receive associated Buffer and/or Interface at the Delivery Point. Furthermore, Carrier shall be under no obligation to receive LHL Product that does not meet the specifications set forth in this tariff.

ITEM 40 MEASURING

All LHL Products Tendered for transportation shall be measured or caused to be measured by Carrier at the Receipt Point. Volumes measured shall be corrected as to temperature and pressure from observed values as determined by Carrier. Alternately, quantities may be

measured at the discretion of Carrier on a mass basis. Method of measurement shall be in accordance with accepted industry standards for the LHL Products transported.

ITEM 45 RATES APPLICABLE

LHL Products transported shall be subject to the rates in effect on the dates such LHL Products are received by Carrier. Rates in effect shall also apply to any portion of Buffer or Interface allocated to Shipper.

ITEM 50 PAYMENT OF CHARGES

Carrier shall invoice Shipper for all charges payable by Shipper under the tariff in respect of a Month for all LHL Products received by Carrier from Shipper during that Month by the fifteenth (15th) Day of the following Month. The amount invoiced shall be payable on or before the twenty-fifth (25th) Day of that following Month.

Carrier may, if it has reasonable grounds for insecurity, from time to time request, and Shipper shall provide if Carrier so requests, financial security for the payment of the charges to be paid by Shipper to Carrier under this tariff ("**Financial Assurances**"). The Financial Assurances shall take the form of a cash prepayment, letter of credit from an investment grade bank or guarantee from an investment grade entity on terms and in an amount satisfactory to Carrier, acting reasonably. If Financial Assurances have been requested by Carrier, Carrier shall not be obligated to accept Tenders from Shipper until adequate Financial Assurances are provided.

ITEM 55 LIABILITY OF CARRIER

- a) Carrier shall not be liable to Shipper for any loss, cost, damage, or expenses whatsoever (including consequential loss and lost profits) resulting from any cause while Shipper's LHL Product is in Carrier's possession or control, except as caused by the gross negligence or wilful misconduct of Carrier (provided that in such event Carrier shall not be liable to Shipper for consequential or indirect loss or loss of profits).
- b) Any losses of LHL Products (including, where applicable, related Buffer and Interface) will first be applied to individual Shippers where the batch or said volumes can be specifically linked to an individual Shipper or group of Shippers, and where the loss is specifically linked to a group of Shippers, the loss shall be applied proportionately to each Shipper in that group in the ratio each such Shipper's LHL Products received into the Pipeline System but not delivered back to Shipper bears to the total volume of LHL Products received into the Pipeline System by the group but not redelivered. Where Carrier cannot determine which specific Shipper(s) owned the LHL Products lost, then such loss shall be applied

proportionately to all Shippers that shipped the same type of LHL Product in the Month in the ratio that its specific share of LHL Products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all similar LHL Products received and undelivered then in the custody of Carrier; and Carrier will be obligated to deliver only that portion of such LHL Products remaining after deducting Shipper's proportion of such loss determined as aforesaid.

ITEM 60 TITLE

A Tender of LHL Products shall be deemed a representation and warranty by Shipper that it owns or has the right to deliver to Carrier for transportation on the Pipeline System the LHL Product to be delivered by Shipper for receipt into the Pipeline System. Carrier shall not be obligated to accept any Tender of LHL Product and Shipper shall not Tender to Carrier LHL Product which is in any way subject to litigation, the ownership of which may be in dispute or which is subject to a lien, security interest or charge of any kind whatsoever, unless Shipper provides to Carrier written notice of such litigation, dispute, lien, security interest or charge at least twenty (20) Days prior to delivering such LHL Product to Carrier, and Shipper furnishes performance assurance or an indemnity satisfactory to Carrier, in its sole discretion, fully protecting Carrier from and against any and all liability, loss, damage, cost and expense whatsoever (including consequential and indirect loss and lost profits) as a result of such litigation, dispute, lien, security interest or charge.

ITEM 65 FORCE MAJEURE

If Carrier or Shipper fails to perform any obligation under the tariff and such failure occurs as a consequence of Force Majeure, then such failure shall be deemed not to be a breach of such obligation.

The following shall not be events of Force Majeure:

- (a) insufficiency of Shipper's LHL Product supplies or markets;
- (b) lack of funds or other financial circumstance;
- (c) failure for any reason to obtain any regulatory authorization required by Shipper to be entitled to Tender LHL Product into the Pipeline System; or
- (d) the curtailment of interruptible transportation, excluding curtailment due to an event in the nature of Force Majeure occurring on a facility upstream or downstream of the Pipeline System.

A Person that fails to perform any obligation under the tariff where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is reasonably able to do so, provided that the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the Person claiming suspension of its obligations hereunder by reason thereof.

No event of Force Majeure shall relieve Carrier or Shipper from any obligation pursuant to the tariff (i) unless it gives written notice with reasonable promptness of such event to the other, or (ii) after the expiration of a reasonable period of time within which, by the use of its due diligence, it could have remedied or overcome the consequences of such event of Force Majeure.

No event of Force Majeure shall relieve Shipper from its obligations under the tariff to make payment to Carrier for LHL Product transported by Carrier prior to such Force Majeure.

ITEM 70 APPORTIONMENT

If more LHL Products are Tendered for a Month than can be transported by Carrier, based on the available capacity of the Pipeline System for that Month, Carrier shall apportion such Tenders for Shippers. In the event of apportionment, all Tenders will be apportioned pro rata based on each Shipper's percentage of Shipper volumes Tendered that Month.

ITEM 75 UNPAID CHARGES

Carrier shall have a lien on all LHL Product, Buffer and Interface in its possession belonging to Shipper to secure payment of any and all unpaid transportation or other lawful charges that are due Carrier, and may withhold such LHL Product, Buffer and Interface from delivery until all unpaid charges have been paid. If said charges remain unpaid fifteen (15) Days after notice and demand therefor, Carrier shall have the right, including through an agent, to sell such LHL Product, Buffer and Interface in such manner as may be permitted in accordance with applicable law. Carrier shall, from the proceeds of sale, pay itself all transportation charges and other necessary expenses of caring for, maintaining and selling the applicable LHL Products, Buffer and Interface. Any remaining balance of the sale proceeds shall be held for whosoever may be lawfully entitled to such proceeds.

ITEM 80 BUFFER & INTERFACE

Carrier's normal pipeline operations include Carrier's option to choose to move like LHL Products in either a common stream or as a segregated batch and to make those decisions it deems appropriate to minimize the amount of Interface.

Batching operations of the Pipeline System may result in Interface between batches. Carrier shall use reasonable efforts to operate the Pipeline System to reduce Interface.

Shippers in adjoining batches may be required by Carrier to supply Buffer, the quantity and quality of which shall be determined by Carrier as required by its operations and the LHL Products Tendered for transportation. In accordance with Item 20, Shipper shall make the Tendered LHL Products and Buffer available at the times, delivery rate and in the quantities to be specified by Carrier.

Costs of providing, transporting and taking delivery of Buffer and Interface are the sole responsibility of Shipper(s) and will be allocated equally between adjoining batches unless the affected Shipper(s) and Carrier mutually agree to alternative arrangements.

Carrier has no obligation to provide or take Buffer or Interface, or facilities to accommodate Buffer or Interface.

ITEM 85 DIVERSION & RECONSIGNMENT

Diversion or reconsignment to a Delivery Point is permitted without additional charges on written request by Shipper, subject to the following conditions:

- (a) Shipper's written notice provides Carrier with sufficient time to accommodate the diversion or reconsignment;
- (b) The diversion or reconsignment will be subject to the rates and rules applicable from the original Receipt Point to the new Delivery Point;
- (c) Accommodating the diversion or reconsignment does not slow the line down or otherwise reduce the available the Pipeline System capacity; and
- (d) No out-of-line or backhaul movement will be made.

ITEM 90 LIABILITY OF SHIPPER

If a Shipper's volume of LHL Products and any associated Buffer or Interface is not removed from the Pipeline System in accordance with Item 35 and a disruption of Carrier's operations results, Shipper shall be completely and absolutely responsible to Carrier for, and indemnify Carrier in respect of, any and all liabilities, costs, expenses and losses that may be incurred by Carrier by reason of such disruption, including loss of revenue.

Shipper shall pay or cause to be paid any and all taxes, duties, charges, levies or any other assessments made or imposed by any government or regulatory authority having jurisdiction with respect to its LHL Product to be transported by Carrier and shall indemnify and save harmless Carrier from any such taxes, duties, charges, levies or assessments so made or imposed.

ITEM 95 LINE FILL

The line fill in the Pipeline System is the obligation of Shipper and is owned by Shipper(s) while in transit.

ITEM 100 REGULATION OF TARIFFS

The tolls of Carrier are regulated by the NEB on a complaints basis. Carrier is required to make copies of tariffs and supporting financial information readily available to interested Persons. Persons who cannot resolve traffic, tolls and tariff issues with Carrier may file a complaint with the NEB. In absence of a complaint, the NEB does not normally undertake a detailed examination of Carrier's tolls.

The Pipeline System has a common carrier obligation under subsection 71(1) of the NEB Act to transport and deliver all LHL Product offered for transmission.

ITEM 105 CLAIMS, SUITS AND TIME FOR FILING

Any claim for loss, damage or delay in connection with the shipment of LHL Product Tendered for shipment under the terms of the tariff must be filed in writing with Carrier within thirty (30) Days after delivery of the LHL Products or, in the case of failure to make delivery, then within thirty (30) Days after the expected time for delivery has elapsed; and suits arising out of such claim must be commenced against Carrier within one hundred eighty (180) Days 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. Claims advanced beyond such one hundred eighty (180) Day period shall be null and void as between Shipper and Carrier. In causing LHL Products to be transported under the tariff, Shipper agrees to be bound by the provisions of this clause and waive any rights which it might otherwise have, at common law or otherwise, to make a claim after the expiration of the said period of thirty (30) Days or to bring an action after the expiration of the said period of one hundred eighty (180) Days.