

SLC Core Pipeline
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Proration Policy

Effective May 1, 2013

When the volumes nominated for the month by the scheduled tendering date exceed line capacity, a proration situation exists.

In the even the carrier receives shipper nominations for transportation of crude petroleum for a particular month, which in total exceeds the capacity of the system or any line segment thereof, then carrier shall accept and deliver on that portion of each good faith shipper nomination which carrier determines according to the procedures below.

Carrier will then attempt to verify all nominated volumes with connecting carriers and/or lease production locations. If a discrepancy is discovered, the appropriate shipper will be notified to resolve the difference.

After nominated volumes have been verified as correct, the proration calculation will be handled as follows:

- A. No shipper's nomination in excess of 70% of the carrier's total capacity for that month will be accepted nor used in proration calculations.
- B. A determination will be made of the percent that total nominations accepted are in excess of capacity.
- C. If the resulting nominations are still in excess of capacity, then each shipper's nomination will be reduced equally by the percent determined for the current calendar month.
- D. For the purpose of proration, all affiliate nominations will be counted as one shipper.

Example 1

Capacity is 37,000 bpd

Shipper A nominates 25,900 bpd - reduced to 12,328 bpd

Shipper B nominates 25,900 bpd - reduced to 12,328 bpd

Shipper C nominates 25,900 bpd - reduced to 12,328 bpd

Total nominations are 77,700 bpd, a volume over capacity by 52.4 percent,. Each shipper nomination will be reduced by 52.4 percent to equal 12,328 bpd.

Example 2

Capacity is 37,000 bpd

Shipper A nominates 12,000 bpd - reduced to 10,572 bpd

Shipper B nominates 14,000 bpd - reduced to 12,334 bpd

Shipper C nominates 16,000 bpd - reduced to 14,096 bpd

Total nominations are 42,000 bpd, a volume over capacity by 11.9 percent. Each shipper nomination will be reduced by 11.9 percent.