

## PRORATION POLICY FOR PIONEER PIPE LINE COMPANY

When nominated volumes for any month exceed the capacity, the Carrier shall allocate space among Shippers by the following procedure.

- Allocation shall be based on the Shipper's historical volume. This historical volume is defined as the Shipper's movement during the first twelve calendar months following a date thirteen calendar months prior to the first day of the calendar month during which capacity will be allocated. A Shipper's allocated space will be calculated by using twelve months actual movements divided by twelve.
- Allocation will be given as a daily volume and will be calculated for the calendar month.
- During periods of allocation, one percent (1%) of the system capacity will be reserved for those Shippers who have not established historical volumes.
- Volumes from existing refineries will be considered existing volume no matter whose name they are nominated under. A new Shipper nominating volume from these existing sources will not be considered a new Shipper and his nomination will not be accepted.
- Allocation space is not transferable between Shippers.
- If tender changes are made after space allocations have been distributed which result in unused or additional space being made available, this space will be allocated back to all scheduled Shippers using their historical percentage.
- A Shipper that causes the Pipe Line to slow down or shutdown during the month for any reason, will have a volume equivalent to the lost throughput deducted from its remaining schedule for the current month.
- A Shipper who fails to use allocated space without reasonable cause in the judgement of the Carrier is subject to charges for incremental costs to operate the Pipe Line System at a level higher than needed to meet actual monthly tenders.

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