

**FERC GAS TARIFF**

**First Revised Volume No. 1**

**of**

**PETROLOGISTICS NATURAL GAS STORAGE LLC.**

**Filed with the**

**FEDERAL ENERGY REGULATORY COMMISSION**

**Communications Concerning this Tariff Should**

**Be Addressed to:**

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## TABLE OF CONTENTS

SECTION ONE.	TITLE PAGE, TABLE OF CONTENTS, AND PRELIMINARY STATEMENT
SECTION TWO.	SYSTEM MAP
SECTION THREE.	RATE STATEMENTS
	1. Rate Statement FSS
	2. Rate Statement ISS
	3. Rate Statement IPS
	4. Rate Statement ILS
	5. Rate Statement IWS
	6. Rate Statement IBTS
	7. Rate Statement IBS
SECTION FOUR.	RATE SCHEDULES
	1. Rate Schedule FSS
	2. Rate Schedule ISS
	3. Rate Schedule IPS
	4. Rate Schedule ILS
	5. Rate Schedule IWS
	6. Rate Schedule IBTS
	7. Rate Schedule IBS
SECTION FIVE.	GENERAL TERMS AND CONDITIONS
	1. Definitions
	2. Contracting for Storage Service
	3. Point(s) of Receipt and Point(s) of Delivery
	4. Storage Operations
	5. Wheeling Operations
	6. Nominations and Scheduling
	7. Priority, Interruption of Service and Operational Flow Orders
	8. Capacity Release
	9. Quality
	10. Gas Pressure and Injection/Withdraw Rates
	11. Measurement
	12. Title and Risk of Loss
	13. Billing and Payment
	14. Fuel Reimburseemnt
	15. Force Majeure
	16. North American Energy Standards Board (NAESB)

17. Gas Title Transfers
18. Penalties
19. Notices
20. Joint Obligations
21. Non-Discriminatory Waiver of Tariff Provisions and Non-Waiver of Future Defaults
22. Modifications
23. Successors in Interest
24. Default
25. Policy with Respect to Fees and Construction of New Facilities
26. Electronic Communication
27. Disposition of Retained Quantities
28. Operational Purchases and Sales

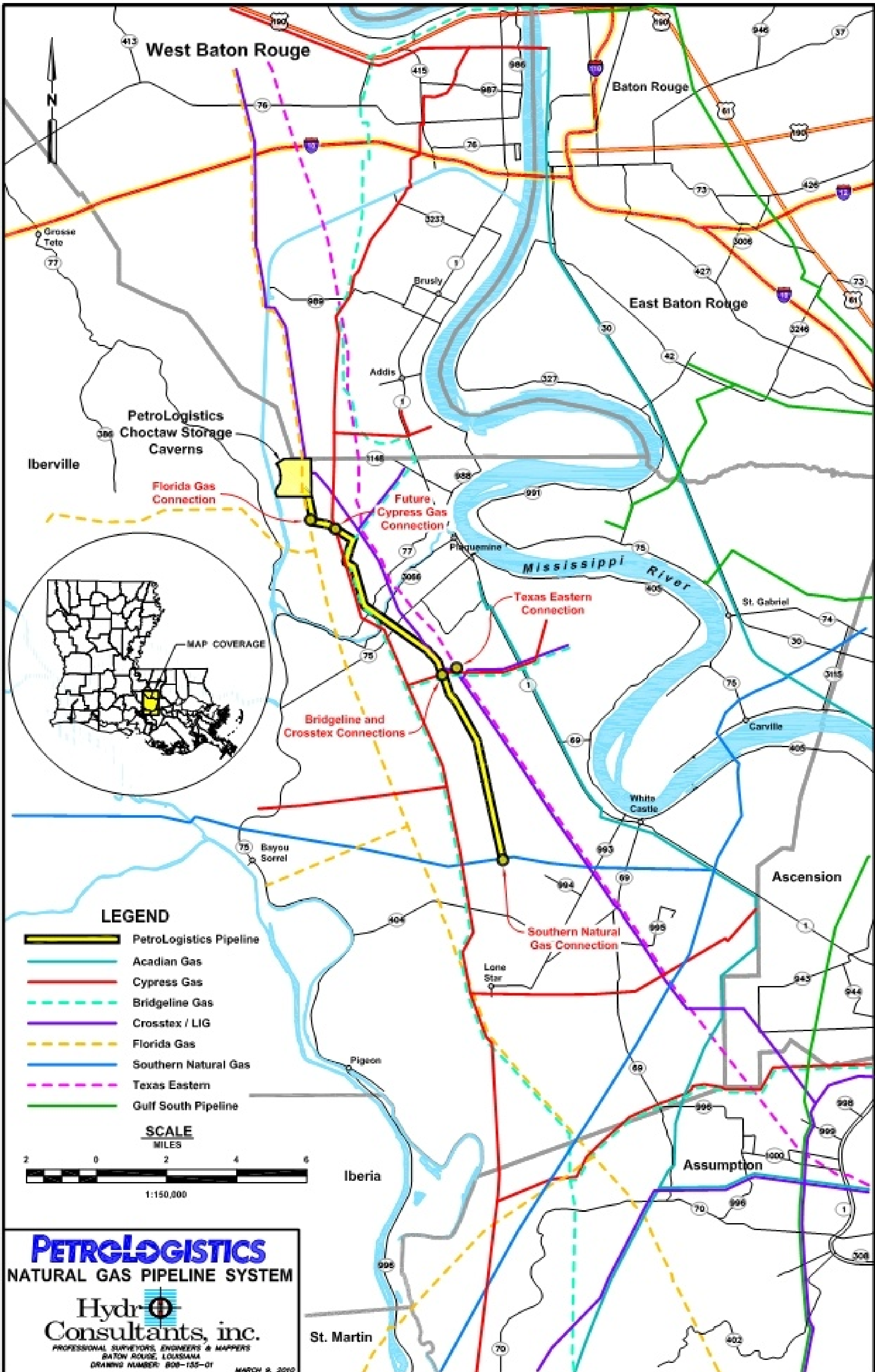
SECTION SIX.

FORMS OF SERVICE AGREEMENTS




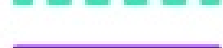





1. Service Agreement (for use under Rate Schedule FSS)
2. Interruptible Storage Service Agreement (for use under Rate Schedule ISS)
3. Hub Service Agreements (for use under Rate Schedules IPS, ILS, IWS, IBTS, and IBS)
4. Capacity Release Umbrella Agreement

## **PRELIMINARY STATEMENT**

PetroLogistics Natural Gas Storage LLC ("PetroLogistics") is a Delaware corporation, primarily engaged in the business of developing and operating underground natural gas storage facilities and providing natural gas storage service in interstate commerce under the jurisdiction of the Federal Energy Regulatory Commission. The facilities owned and operated by PetroLogistics consist of natural gas storage facilities located in Iberville Parish, Louisiana. This First Revised Volume No. 1 of PetroLogistics' FERC Gas Tariff contains the Rate Statements, Rate Schedules and General Terms and Conditions applicable to open-access firm and interruptible storage services and interruptible hub services performed by PetroLogistics through its facilities in Iberville Parish, Louisiana, pursuant to Rate Schedules FSS, ISS, IPS, ILS, IWS, IBTS, and IBS at market-based rates.



**LEGEND**

-  PetroLogistics Pipeline
-  Acadian Gas
-  Cypress Gas
-  Bridgeline Gas
-  Crosstex / LIG
-  Florida Gas
-  Southern Natural Gas
-  Texas Eastern
-  Gulf South Pipeline

**SCALE**  
MILES



1:150,000

**PETROLOGISTICS**  
NATURAL GAS PIPELINE SYSTEM

**Hydr**   
**Consultants, inc.**

PROFESSIONAL SURVEYORS, ENGINEERS & MAPPERS  
BATON ROUGE, LOUISIANA

DRAWING NUMBER: 808-135-01

MARCH 8, 2012

## **RATE STATEMENTS**

### **INDEX**

1. RATE STATEMENT FSS
2. RATE STATEMENT ISS
3. RATE STATEMENT IPS
4. RATE STATEMENT ILS
5. RATE STATEMENT IWS
6. RATE STATEMENT IBTS
7. RATE STATEMENT IBS

## **RATE STATEMENT FSS – FIRM STORAGE SERVICE\***

Monthly Storage Reservation Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Monthly Storage Reservation Charge specified in Shipper's executed Service Agreement multiplied by the MSQ.		
Injection Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Injection Charge specified in Shipper's executed Service Agreement multiplied by the Dth quantity delivered by Shipper during a given Month.		
Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Withdrawal Charge specified in Shipper's executed Service Agreement multiplied by the Dth quantity withdrawn by Shipper during a given Month.		
Excess Injection Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Excess Injection Charge multiplied by the Dth quantity injected for Shipper's account as Excess Injection Gas during a given Month.		
Excess Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Excess Withdrawal Charge multiplied by the Dth quantity withdrawn by Shipper as Excess Withdrawal Gas during a given Month.		
Authorized Overrun Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Authorized Overrun Service Charge multiplied by the Dth quantity stored by Shipper as overrun gas in excess of MSQ during a given Month.		
Fuel Retention	Market Based/ Negotiable	\$/Dth or In-kind
This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth, on a monthly basis as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Shipper's executed Service Agreement.		
Storage Losses	Market Based/Negotiable	\$/Dth or In-kind
This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth, on a monthly basis as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Shipper's executed Service Agreement.		
Electric Power Costs for Compression	Market Based / Negotiable	\$/Dth
Payment is equal to the EPC Charge set forth in Shipper's executed Service Agreement during a given month		
Title Transfer Charge	Market Based/ Negotiable	\$/Dth
Payment is equal to the Title Transfer Charge multiplied by the Dth quantity transferred by Shipper pursuant to Section 17 of the General Terms and Conditions during a given Month.		

All applicable taxes set forth in either the General Terms and Conditions of this FERC Gas Tariff or the Service

Agreement and all other applicable surcharges, including, but not limited to, the ACA charges, shall also be paid by Shipper.

\* All quantities of gas are measured in dekatherms (Dth).

**RATE STATEMENT ISS – INTERRUPTIBLE STORAGE SERVICE \***

Monthly Storage Capacity Charge                      Market Based/ Negotiable                      \$/Dth

Payment is equal to the Monthly Storage Capacity Charge specified in the Shipper's executed Interruptible Storage Service Agreement multiplied by the aggregate quantity stored for Shipper's account during the Month.

Injection Charge    Market Based/ Negotiable                      \$/Dth

Payment is equal to the Injection Charge specified in Shipper's executed Interruptible Storage Service Agreement multiplied by the Dth quantity delivered for injection by the Shipper during a given Month.

Withdrawal Charge    Market Based/ Negotiable                      \$/Dth

Payment is equal to the Withdrawal Charge specified in Shipper's executed Interruptible Storage Service Agreement multiplied by the Dth quantity withdrawn by Shipper during a given Month.

Fuel Retention    Market Based/ Negotiable                      \$/Dth or  
In-kind

This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth, on a monthly basis as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Shipper's executed Service Agreement.

Storage Losses    Market Based/Negotiable                      \$/Dth or In-kind

This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth, on a monthly basis as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Shipper's executed Service Agreement.

Electric Power Costs for Compression                      Market Based / Negotiable                      \$/Dth

Payment is equal to the EPC Charge set forth in Shipper's executed Service Agreement during a given month.

Title Transfer Charge    Market Based/ Negotiable                      \$/Dth

Payment is equal to the Title Transfer Charge multiplied by the Dth quantity transferred by Shipper pursuant to Section 17 of the General Terms and Conditions during a given Month.

All applicable taxes set forth in either the General Terms and Conditions of this FERC Gas Tariff or the Service Agreement and all other applicable surcharges, including, but not limited to, the ACA charges, shall also be paid by Shipper.

\* All quantities of gas are measured in dekatherms (Dth).

**RATE STATEMENT IPS – INTERRUPTIBLE PARKING SERVICE\***

Parking Charge	Market Based/Negotiable	\$/Dth/time period
Parking Injection Charge	Market Based/Negotiable	\$/Dth/time period
Parking Withdrawal Charge	Market Based/Negotiable	\$/Dth/time period

Payment is equal to the Parking Charge multiplied by Shipper's Maximum Park Quantity, plus the Parking Injection Charge multiplied by the quantity injected, plus the Parking Withdrawal Charge multiplied by the quantity withdrawn, as applicable and specified in Exhibit B of Shipper's Hub Services Agreement.

Fuel Retention In-kind	Market Based/ Negotiable	\$/Dth or
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This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Exhibit B of Shipper's Hub Services Agreement.

Electric Power Costs for Compression	Market Based/ Negotiable	\$/Dth
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Payment is equal to the EPC Charge set forth in Shipper's executed Service Agreement during a given month.

Title Transfer Charge	Market Based/ Negotiable	\$/Dth
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Payment is equal to the Title Transfer Charge multiplied by the Dth quantity transferred by Shipper pursuant to Section 17 of the General Terms and Conditions during a given Month.

All applicable taxes set forth in either the General Terms and Conditions of this FERC Gas Tariff or the Service Agreement and all other applicable surcharges, including, but not limited to, the ACA charges, shall also be paid by Shipper.

\* All quantities of gas are measured in dekatherms (Dth).

**RATE STATEMENT ILS – INTERRUPTIBLE LOAN SERVICE\***

Loan Charge	Market Based/ Negotiable	\$/Dth/time period
Loan Injection Charge	Market Based/ Negotiable	\$/Dth/time period
Loan Withdrawal Charge	Market Based/ Negotiable	\$/Dth/time period

Payment is equal to the Loan Charge multiplied by Shipper's Maximum Loan Quantity, plus the Loan Injection Charge multiplied by the quantity injected, plus the Loan Withdrawal Charge multiplied by the quantity withdrawn, as applicable and specified in Exhibit B of Shipper's Hub Services Agreement.

Fuel Retention	Market Based/ Negotiable	\$/Dth or In-kind
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This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Exhibit B of Shipper's Hub Services Agreement.

Electric Power Costs for Compression	Market Based / Negotiable	\$/Dth
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Payment is equal to the EPC Charge set forth in Shipper's executed Service Agreement during a given month.

Title Transfer Charge	Market Based/ Negotiable	\$/Dth
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Payment is equal to the Title Transfer Charge multiplied by the Dth quantity transferred by Shipper pursuant to Section 17 of the General Terms and Conditions during a given Month.

All applicable taxes set forth in either the General Terms and Conditions of this FERC Gas Tariff or the Service Agreement and all other applicable surcharges, including, but not limited to, the ACA charges, shall also be paid by Shipper.

\* All quantities of gas are measured in dekatherms (Dth).



**RATE STATEMENT IBTS – INTERRUPTIBLE IMBALANCE TRADING SERVICE\***

Imbalance Trading Charge                      Market Based/ Negotiable                      \$/Dth/time period

Payment is equal to the Imbalance Trading Charge specified in Exhibit B of Shipper's Hub Services Agreement multiplied by Shipper's imbalance quantity traded.

All applicable taxes set forth in either the General Terms and Conditions of this FERC Gas Tariff or Exhibit B of the Hub Services Agreement and all other applicable surcharges shall also be paid by Shipper.

\* All quantities of gas are measured in dekatherms (Dth).

**RATE STATEMENT IBS – INTERRUPTIBLE BALANCING SERVICE\***

Balancing Charge	Market Based/ Negotiable	\$/Dth/time period
Balancing Injection Charge	Market Based/ Negotiable	\$/Dth/time period
Balancing Withdrawal Charge	Market Based/ Negotiable	\$/Dth/time period

Payment is equal to the Balancing Charge multiplied by Shipper's balance quantity, plus the Balancing Injection Charge multiplied by the quantity injected, plus the Balancing Withdrawal Charge multiplied by the quantity withdrawn, as applicable and specified in Exhibit B of Shipper's Hub Services Agreement.

Fuel Retention	Market Based/ Negotiable	\$/Dth or In-kind
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This amount of gas is to be reimbursed by Shipper in kind or in dollars per Dth as determined pursuant to the General Terms and Conditions of this FERC Gas Tariff or Exhibit B of Shipper's Hub Services Agreement.

Electric Power Costs for Compression	Market Based / Negotiable	\$/Dth
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Payment is equal to the EPC Charge set forth in Shipper's executed Service Agreement during a given month.

All applicable taxes set forth in either the General Terms and Conditions of this FERC Gas Tariff or the Service Agreement and all other applicable surcharges, including, but not limited to, the ACA charges, shall also be paid by Shipper.

\* All quantities of gas are measured in dekatherms (Dth).

## **RATE SCHEDULES**

### **INDEX**

1. RATE SCHEDULE FSS
2. RATE SCHEDULE ISS
3. RATE SCHEDULE IPS
4. RATE SCHEDULE ILS
5. RATE SCHEDULE IWS
6. RATE SCHEDULE IBTS
7. RATE SCHEDULE IBS

**RATE SCHEDULE FSS  
FIRM STORAGE SERVICE**

1. AVAILABILITY

Service under this Rate Schedule is available for any Shipper for the purchase of firm natural gas storage service from PetroLogistics, provided that:

- (a) PetroLogistics has determined that it has sufficient facilities and available and uncommitted storage capacity and injection and withdrawal capacity to perform service requested by Shipper;
- (b) Shipper has submitted a valid request for service and executed a firm storage service agreement ("FSS Service Agreement") with PetroLogistics;
- (c) Shipper accepts responsibility for arranging any upstream and downstream transportation service required for utilization of the storage service provided under this Rate Schedule;
- (d) Availability of service under this Rate Schedule shall be subject to a determination by PetroLogistics that service requested hereunder shall not cause a reduction in PetroLogistics' ability to provide other firm services;
- (e) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff; and
- (f) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Subject to the limitations and requirements set forth in this Rate Schedule, the General Terms and Conditions of Service, and Shipper's FSS Service Agreement, PetroLogistics shall:

- (a) inject quantities received by PetroLogistics from or on behalf of Shipper and designated by Shipper for delivery to "FSS Storage," on a daily basis up to the Maximum Daily Injection Quantity ("MDIQ"), not to exceed the Maximum Storage Quantity ("MSQ") set forth in Shipper's FSS Service Agreement, less sufficient quantities for Fuel Retention;
- (b) store quantities received by PetroLogistics from or on behalf of Shipper and designated by Shipper, up to the MSQ set forth in Shipper's FSS Service Agreement;
- (c) deliver to Shipper thermally equivalent quantities of gas, on a daily basis up to the Maximum Daily Withdrawal Quantity ("MDWQ") not to exceed the MSQ set forth in Shipper's FSS Service Agreement, provided that PetroLogistics shall not be obligated under this Rate Schedule on any Day to deliver gas in excess of the Storage Inventory quantities then held in storage for Shipper.

2.2 Service rights under an FSS Service Agreement may be released in accordance with Section 8 of the General Terms and Conditions. Service to a Replacement Shipper under any such capacity release shall be subject to the provisions set forth in this Rate Schedule, the General Terms and Conditions, the FSS Service Agreement, the Capacity Release Umbrella Agreement and any Addenda thereto. If a Shipper releases only a portion of its service rights under an FSS Service Agreement, such release shall not change the existing ratio of the MSQ and the Maximum Daily Withdrawal Quantity/Maximum Daily Injection Quantity (MDWQ/MDIQ)

2.3 Shipper shall have the option of providing a quantity of Base Gas, as set forth in Exhibit A of Shipper's FSS Service Agreement.

2.4 Shipper shall be permitted to combine the firm injection, storage or withdrawal of gas available under this FSS Rate Schedule in any combination of the components of this service and with any other services available under any other Rate Schedules set forth in this FERC Gas Tariff; and, provided, further, that priority for each such service shall be determined by the respective priority of the service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

### 3. OVERRUN SERVICE

3.1 Shipper may submit a nomination for injections in excess of its MDIQ or MHIQ ("Excess Injection Gas"), withdrawals in excess of its MDWQ or MHWQ ("Excess Withdrawal Gas") or storage in excess of its MSQ ("Authorized Overrun Service"). In the event that Shipper makes such a nomination, PetroLogistics will schedule and confirm (i) the request to the extent that additional flexibility exists during the time period of the request in accordance with Section 7.2 of the General Terms and Conditions, and (ii) using reasonable discretion, that PetroLogistics can accommodate the request without detriment to PetroLogistics' facilities and/or PetroLogistics' ability to meet its firm obligations to other Shippers.

3.2 PetroLogistics shall have the right to interrupt all or part of these authorized overrun quantities nominated as the operation of its facilities may require in PetroLogistics' reasonable judgment, subject to Section 7 of the General Terms and Conditions of this Tariff.

### 4. RATES AND CHARGES

4.1 The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. For all service rendered under this Rate Schedule, each Month, Shipper shall pay PetroLogistics the charges set forth below, unless otherwise mutually agreed to by PetroLogistics and Shipper and specified in Shipper's FSS Service Agreement.

- (a) Storage Reservation Charge. A charge, as set forth in Exhibit A of Shipper's FSS Service Agreement, for each Dth per Month of Shipper's MSQ.
- (b) Injection Charge. A usage charge, as set forth in Exhibit A of Shipper's FSS Service Agreement, for each Dth injected per Month, for Shipper's account, into PetroLogistics' facilities pursuant to Section 2.1(a) of this Rate Schedule.
- (c) Withdrawal Charge. A usage charge, as set forth in Exhibit A of Shipper's FSS Service Agreement, for each Dth withdrawn per Month, for Shipper's account, from PetroLogistics' facilities pursuant to Section 2.1(b) of this Rate Schedule.
- (d) Excess Injection Charge. A usage charge, as set forth in Exhibit A of Shipper's FSS Service Agreement, for each Dth injected per Month, for Shipper's account, as Excess Injection Gas by Shipper pursuant to Section 3 of this Rate Schedule.
- (e) Excess Withdrawal Charge. A usage charge, as set forth in Exhibit A of Shipper's FSS service Agreement, for each Dth withdrawn per Month, for Shipper's account, as Excess Withdrawal Gas by Shipper pursuant to Section 3 of this Rate Schedule.
- (f) Authorized Overrun Service Charge. A usage charge, as set forth in Exhibit A of Shipper's FSS Service Agreement, for each Dth stored in excess of Shipper's MSQ per Month pursuant to Section 3 of this Rate Schedule.
- (g) Fuel Retention. The amount of Shipper's gas which is reimbursed by Shipper in kind or in dollars per Dth for fuel used per Month in the provision of service provided in

conjunction with the Agreement as set forth in Exhibit A of Shipper's FSS Service Agreement.

- (h) Storage Losses. The amount of Shipper's gas which is reimbursed by Shipper in kind or in dollars per Dth to account for losses incurred per Month in the provision of service in conjunction with the Agreement as set forth in Exhibit A of Shipper's FSS Service Agreement.
- (i) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the FERC or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Shipper's FSS Service Agreement.
- (j) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes.
- (k) Electric Power Costs for Compression. A usage charge, as set forth in Exhibit A to Shipper's FSS Service Agreement, to account for PetroLogistics' costs of electric power for compression.

4.2 The charges and surcharges described in this Rate Schedule are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

## 5. AUTHORIZATION, RATES, TERMS AND CHANGES

5.1 Shipper's FSS Service Agreement and the respective obligations of PetroLogistics and Shipper under this FERC Gas Tariff are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for PetroLogistics to provide the storage service contemplated herein and to construct and operate the gas storage facilities necessary to provide such storage service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Point(s) of Delivery necessary to effect the storage service provided herein.

5.2 PetroLogistics shall have the right to propose to FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and Shipper's FSS Service Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same; provided, however, that any negotiated rates between PetroLogistics and its Shipper(s) shall remain in effect during the term of Shipper's FSS Service Agreement(s).

## 6. CURTAILMENT

If, due to an emergency situation or when unexpected capacity loss occurs after scheduling, PetroLogistics is unable to receive or deliver the quantities provided for in its FSS Service Agreement with Shippers, then capacity, withdrawals and/or injections, will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

## 7. RIGHT OF FIRST REFUSAL

7.1 PetroLogistics possesses pregranted abandonment authority and may discontinue service to Shipper at the end of any FSS Service Agreement's primary term, or any roll-over of Shipper's FSS Service Agreement, unless PetroLogistics and Shipper mutually agree to include a right of first refusal ("ROFR") in the FSS Service Agreement and Shipper exercises its ROFR for the storage capacity covered by that agreement by matching the best bid offered to PetroLogistics during an open season, conducted pursuant to Section 2.6 of the General Terms and Conditions, by any Potential Shipper. A Potential Shipper is "qualified," within the meaning of this

Section, if that Shipper meets the creditworthiness criteria set forth in Section 2.3 of the General Terms and Conditions.

7.2 Not less than twelve (12) Months prior to the expiration of an FSS Service Agreement that includes a ROFR, Shipper must provide written notice to PetroLogistics of its intent to exercise any ROFR provisions under the FSS Service Agreement. Failure by Shipper to give PetroLogistics the notice specified in this section will result in the automatic abandonment of the service and the Shipper's right to storage capacity will cease at the end of the primary term.

7.3 In the event Shipper notifies PetroLogistics in accordance with the terms of this Rate Schedule, not less than six (6) Months prior to the termination or expiration of an FSS Service Agreement that contains a ROFR, an open season will be held for the capacity under the expiring Service Agreement. This open season will be conducted pursuant to the terms and conditions set forth in Section 2.6 of the General Terms and Conditions.

7.4 Bids from qualified Potential Shippers who desire, in whole or in part, the capacity to be made available upon the expiration or termination of a FSS Agreement that includes a ROFR must be received by PetroLogistics within the timeframe set forth in the open season notice. Upon expiration of the open season, PetroLogistics will select the best bid received from a qualified Potential Shipper and communicate the terms of that bid to Shipper, who may elect, within fifteen (15) Days, or such greater time as PetroLogistics may specify, to execute a renewed FSS Service Agreement upon the same terms. In determining which bid for the capacity is the best, PetroLogistics will use an objective, not unduly discriminatory methodology as set forth in Section 2.6 of the General Terms and Conditions.

7.5 If Shipper does not elect to match the terms of the best bid, its FSS Service Agreement will expire at the conclusion of its term and PetroLogistics will be deemed to have all necessary abandonment authorization with respect to such Service. PetroLogistics may enter into a new FSS Service Agreement with the qualified Potential Shipper who submitted the best bid.

7.6 Regardless of any bids received, PetroLogistics shall retain the right to require a minimum rate or term of Service, which shall be market-based, for bids during any such open season.

7.7 If during the open season, PetroLogistics receives no bids or rejects all bids, Shipper and PetroLogistics may negotiate for continuation of service under mutually satisfactory rates, terms, and conditions. In no event, however, will such continued service be provided at a rate lower than the best bid by a qualified Potential Shipper during the open season.

## 8. EXPIRATION OF TERM

8.1 At least ninety (90) Days prior to the expiration of any primary term or renewed term of Shipper's FSS Service Agreement, PetroLogistics and Shipper shall either agree on mutually acceptable terms by which PetroLogistics shall agree to cash out the Storage Inventory and Base Gas or Shipper must physically withdraw the Storage Inventory and Base Gas before the end of the contract term. If, by midnight on the last Day of the contract term, Shipper has failed to withdraw such Storage Inventory and Base Gas, then PetroLogistics may take, free and clear of any adverse claims or obligation to Shipper, title to such Storage Inventory and Base Gas; provided, however, that if Shipper was unable to withdraw its Storage Inventory and Base Gas quantities due to an interruption of Shipper's withdrawal service during the last sixty (60) days before termination, Shipper shall be allowed an additional number of days, corresponding to the period of interruption of its withdrawal service to withdraw its Storage Inventory and Base Gas quantities following the end of the contract term.

8.2 In the event that PetroLogistics retains and takes title to any of Shipper's Storage Inventory and Base Gas pursuant to this Section 8, PetroLogistics shall dispose of such Storage Inventory and Base Gas by auction and shall credit net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

9. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are made a part hereof.

**RATE SCHEDULE ISS  
INTERRUPTIBLE NATURAL GAS STORAGE SERVICE**

1. AVAILABILITY

Service under this Rate Schedule is available from PetroLogistics to any Shipper, provided that:

- (a) PetroLogistics has determined that it has sufficient facilities and available and uncommitted storage capacity and injection and withdrawal capacity to perform service requested by Shipper;
- (b) Shipper has submitted a valid request for service and executed an interruptible storage service agreement ("ISS Service Agreement") with PetroLogistics,
- (c) Shipper accepts responsibility for arranging any transportation service required for utilization of the storage service provided under this Rate Schedule;
- (d) Availability of service under this Rate Schedule shall be subject to a determination by PetroLogistics that service requested hereunder shall not cause a reduction in PetroLogistics' ability to provide other higher priority services;
- (e) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff; and
- (f) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Subject to the limitations and requirements set forth in this Rate Schedule, the General Terms and Conditions, and Shipper's ISS Service Agreement, PetroLogistics shall:

- (a) inject quantities received by PetroLogistics from or on behalf of Shipper and designated by Shipper for delivery to Shipper's account, up to the Maximum Storage Quantity ("MSQ") set forth in Shipper's ISS Service Agreement, less sufficient quantities for Fuel Retention;
- (b) store quantities received by PetroLogistics from or on behalf of Shipper and designated by Shipper, up to the MSQ set forth in Shipper's ISS Service Agreement; and
- (c) deliver to Shipper thermally equivalent quantities of gas, up to the MSQ set forth in Shipper's ISS Service Agreement, provided that PetroLogistics shall not be obligated under this Rate Schedule on any Day to deliver gas in excess of the Storage Inventory quantities then held in storage for Shipper.

2.2 Service provided under this Rate Schedule shall have the priority specified in Section 7 of the General Terms and Conditions in this FERC Gas Tariff.

2.3 Shipper shall not be permitted to increase its confirmed nomination quantities under this Rate Schedule, regardless of the quantities set forth in Shipper's ISS Service Agreement, if such increase would degrade service to a Shipper with equal or higher priority as set forth in Section 7 of the General Terms and Conditions in this FERC Gas Tariff.

2.4 Service rights under an ISS Service Agreement may not be released.

2.5 To the extent storage capacity which is being utilized by an interruptible Shipper hereunder is needed by PetroLogistics in order to satisfy PetroLogistics' obligations to higher priority services or to meet system needs, PetroLogistics shall require Shipper to withdraw all, or any portion of, the ISS storage quantities held in storage by PetroLogistics for the account of Shipper as specified by PetroLogistics. Unless PetroLogistics otherwise agrees, Shipper shall be required to make ratable withdrawals. If Shipper fails to withdraw such ISS storage quantities, PetroLogistics may take, free and clear of any adverse claims, title to such ISS Storage Inventory as Shipper was instructed to withdraw. PetroLogistics' notice to Shipper may be given via telephone, but shall be confirmed in writing via e-mail or facsimile to Shipper.

In the event that PetroLogistics retains and takes title to any of Shipper's Storage Inventory pursuant to this Section 2.5, PetroLogistics shall dispose of such Storage Inventory by auction and shall credit net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

### 3. RATES AND CHARGES

3.1 The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. The rates and charges paid by Shipper for interruptible storage service under this Rate Schedule shall include the applicable storage rate components set forth in the ISS Rate Statement and as described below.

- (a) Injection Charge. A usage charge, as set forth in Exhibit A of Shipper's ISS Service Agreement, for each Dth injected per Month, for Shipper's account, into PetroLogistics' facilities pursuant to Section 2.1(a) of this Rate Schedule.
- (b) Withdrawal Charge. A usage charge, as set forth in Exhibit A of Shipper's ISS Service Agreement, for each Dth withdrawn per Month, for Shipper's account, from PetroLogistics' facilities pursuant to Section 2.1(c) of this Rate Schedule.
- (c) Capacity Charge. A charge, as set forth in Exhibit A of the Service Agreement, multiplied by the absolute value(s) of Shipper's Storage Inventory(s) on each Day of the Month, as the case may be.
- (d) Fuel Retention. The amount of Shipper's gas which is reimbursed by Shipper in kind or in dollars per Dth for fuel used per Month in the provision of service provided in conjunction with the Agreement, as set forth in Exhibit A of Shipper's ISS Service Agreement.
- (e) Storage Losses. The amount of Shipper's gas which is reimbursed by Shipper in kind or in dollars per Dth to account for losses incurred per Month in the provision of service in conjunction with the Agreement as set forth in Exhibit A of Shipper's ISS Service Agreement.
- (f) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Shipper's ISS Service Agreement.
- (g) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes.
- (h) Electric Power Costs for Compression. A usage charge, as set forth in Exhibit A to Shipper's FSS Service Agreement, to account for PetroLogistics' costs of electric power for compression.

#### 4. MONTHLY BILL

The monthly bill for interruptible storage service shall reflect the applicable changes set forth under Section 3 of this Rate Schedule at rates set forth in Shipper's ISS Service Agreement

#### 5. TERM

The term for service under this Rate Schedule shall be as set forth in Shipper's ISS Service Agreement

#### 6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 Shipper's ISS Service Agreement and the respective obligations of the parties hereunder are subject to all valid and applicable laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for PetroLogistics to provide the storage service contemplated herein and to construct and operate the facilities necessary to provide such service and for any connected pipeline to transport natural gas to/from the Point of Receipt/Delivery necessary to effect the service provided for herein.

6.2 PetroLogistics shall have the right to propose to the Commission or other governing regulatory body such changes in its rates and terms of service as it deems necessary and unless otherwise agreed in an executed ISS Service Agreement, Shipper's ISS Service Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.

#### 7. CURTAILMENT

7.1 If, due to an emergency situation or when unexpected capacity loss occurs after scheduling, PetroLogistics' capability to receive or deliver quantities is impaired so that PetroLogistics is unable to receive or deliver the quantities provided for in its ISS Service Agreements with Shippers, then capacity, withdrawals and/or injections will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

7.2 In the event that PetroLogistics determines, in its reasonable judgment, that some or all Interruptible storage service(s) under this Rate Schedule must be interrupted in order to satisfy PetroLogistics' obligations to Firm storage service Shippers, or that such interruption is otherwise necessary or is otherwise appropriate to avoid adverse impact on the operation of PetroLogistics' system, PetroLogistics will notify any affected Shipper receiving Interruptible storage service that they are required to reduce their Interruptible Storage Inventory(s) over the period specified in the notice. Such notice shall be issued to Shippers, via facsimile, on a price basis, where lower price services will be interrupted before higher price services. At a minimum, Shippers will have one Day in which to comply with the notice.

7.3 If Shipper fails to comply with the notice given in accordance with the section above, PetroLogistics shall cash out the balance quantity that Shipper was advised, but failed to reduce or eliminate, at the "Gas Daily" "Henry Hub" index plus ten percent (10%) for negative Interruptible Storage Inventories or the "Gas Daily" "Henry Hub" index less ten percent (10%) for positive Interruptible Storage Inventories.

7.4 PetroLogistics may issue a notice requiring any Shipper with an Interruptible Storage Inventory of less than 50 Dth to eliminate its existing Interruptible Storage Inventory within thirty (30) Days. Such notice shall be issued by PetroLogistics to Shipper via facsimile. If Shipper fails to comply with this notice, any positive Interruptible Storage Inventory remaining after thirty (30) days will be cashed out at 80% of the "Gas Daily" "Henry Hub" index calculated during the thirty (30) Day period, and any negative Interruptible Storage Inventory remaining after thirty (30) Days will be cashed out at 120% of highest "Gas Daily" "Henry Hub" index calculated during the thirty (30) Day period.

7.5 In the event that the prices referenced in this Section 7 are no longer available or valid, PetroLogistics will file to change its tariff and may, at its discretion, select a representative price in the interim

period, subject to refund. In the event that a more representative posting is established, PetroLogistics will file to change its tariff to incorporate that posting.

## 8. EXPIRATION OF TERM

8.1 At least thirty (30) Days prior to the expiration of any primary term or renewed term of Shipper's ISS Service Agreement, PetroLogistics shall notify Shipper to withdraw all Interruptible Storage Inventory held by PetroLogistics for Shipper's account. PetroLogistics' notice to Shipper may be given verbally but shall be confirmed in writing via e-mail or facsimile to Shipper. Within ten (10) Days of such notice, PetroLogistics and Shipper shall either agree on mutually acceptable terms by which PetroLogistics shall agree to cash out the Interruptible Storage Inventory or Shipper must physically withdraw the Interruptible Storage Inventory before the end of the contract term. If, by midnight on the last Day of the contract term, Shipper has failed to withdraw such Interruptible Storage Inventory, then PetroLogistics may take, free and clear of any adverse claims or obligation to Shipper, title to such Interruptible Storage Inventory; provided, however, that if Shipper was unable to withdraw its Interruptible Storage Inventory quantities due to an interruption of Shipper's withdrawal service during the last twenty (20) days before termination, Shipper shall be allowed an additional number of days, corresponding to the period of interruption of its withdrawal service to withdraw its Interruptible Storage Inventory quantities following the end of the contract term.

8.2 In the event that PetroLogistics retains and takes title to any of Shipper's Interruptible Storage Inventory pursuant to this Section 8, PetroLogistics shall dispose of such Interruptible Storage Inventory by auction and shall credit the net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

## 9. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of this FERC Gas Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this ISS Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein.

**RATE SCHEDULE IPS  
INTERRUPTIBLE PARKING SERVICE**

1. AVAILABILITY

This Rate Schedule is available to any Shipper for the purchase of interruptible parking service ("IPS") from PetroLogistics, provided that:

- (a) PetroLogistics has determined that it has sufficient operationally available storage capacity, injection or withdrawal capacity to perform service requested by Shipper;
- (b) PetroLogistics has determined that service requested by Shipper will not interfere with efficient operation of its system or with higher priority services;
- (c) Shipper and PetroLogistics have executed a Hub Services Agreement under this Rate Schedule;
- (d) Shipper accepts responsibility for arranging any transportation service required for utilization of the parking service provided under this Rate Schedule; and
- (e) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all IPS service rendered by PetroLogistics to Shipper at PetroLogistics' facilities located in Iberville Parish, Louisiana pursuant to an executed Hub Services Agreement.

- (a) IPS service rendered by PetroLogistics to Shipper under this Rate Schedule shall consist of the injection, storage, and withdrawal and delivery of Shipper's gas, on an interruptible basis, by PetroLogistics. Service under this Rate Schedule includes:
  - (i) The daily injection of Shipper's gas per Shipper's nomination up to the Maximum Daily Injection Quantity ("MDIQ") stated in Exhibit B of the Hub Services Agreement with Shipper, provided that all higher priority service nominations for injection have been satisfied, that Shipper's Park Quantity is less than the Maximum Park quantity set forth in Exhibit B of the Hub Services Agreement, and Shipper delivers the nominated quantity plus fuel reimbursement to the Point(s) of Receipt located on PetroLogistics' system, provided Shipper's Park Balance has not exceeded Shipper's Maximum Park Quantity;
  - (ii) The storage of gas in amounts up to Shipper's Maximum Park Quantity provided that all high priority service storage needs have been satisfied; and
  - (iii) The daily withdrawal and delivery of Shipper's gas per Shipper's nomination to the Point(s) of Delivery located on PetroLogistics' system up to Shipper's Maximum Daily Withdrawal Quantity ("MDWQ") stated in Exhibit B of the Hub Services Agreement with Shipper, provided that all high priority service nominations for withdrawal have been satisfied, and that Shipper has sufficient gas stored in Shipper's Park Balance.

2.2 To the extent storage capacity which is being utilized by an interruptible Shipper hereunder is needed by PetroLogistics in order to satisfy PetroLogistics' obligations to higher priority services, PetroLogistics shall require Shipper to withdraw all, or any portion of, the IPS gas quantities held in storage by PetroLogistics for the account of Shipper as specified by PetroLogistics. Unless PetroLogistics otherwise agrees, Shipper shall be

required to make ratable withdrawals. If Shipper fails to withdraw such IPS Park Balance, then PetroLogistics may take, free and clear of any adverse claims, title to such IPS Park Balance as Shipper was instructed to withdraw. PetroLogistics' notice to Shipper may be given verbally, but shall be confirmed in writing via e-mail or facsimile to the customer. In the event that PetroLogistics retains and takes title to any of Shipper's gas pursuant to this section, PetroLogistics shall dispose of such gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

2.3 Shipper shall be permitted to combine the Interruptible injection, storage, or withdrawal and delivery of gas available under this Rate Schedule with any service available under any other Rate Schedule set forth in this FERC Gas Tariff; provided, however, such combined services shall be subject to Section 7 of the General Terms and Conditions of this FERC Gas Tariff; and, provided, further, that priority for each such service shall be determined by the respective priority of that service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

### 3. RATES AND CHARGES

The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. The rates and charges paid by Shipper for IPS service under this Rate Schedule shall include the applicable parking rate components set forth in the IPS Rate Statement and as described below:

(a) Interruptible Parking Charge. A charge for each Dth of Shipper's Maximum Park Quantity specified in Exhibit B of the Hub Services Agreement.

(b) Interruptible Parking Injection Charge. A charge for each Dth of Shipper's gas injected into PetroLogistics facilities pursuant to Section 2.1(a) of this Rate Schedule during a given invoice period.

(c) Interruptible Parking Withdrawal Charge. A charge for each Dth of Shipper's gas withdrawn from PetroLogistics' facilities pursuant to Section 2.1(a) of this Rate Schedule during a given invoice period.

(d) Fuel Retention. The amount of gas for fuel and losses determined in accordance with Section 14 of the General Terms and Conditions of this FERC Gas Tariff and set forth in Exhibit B of Shipper's Hub Services Agreement.

(e) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Shipper's Hub Services Agreement.

(f) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes, as set forth in Exhibit B of Shipper's Hub Services Agreement.

(g) Electric Power Costs for Compression. A usage charge, as set forth in Exhibit A to Shipper's FSS Service Agreement, to account for PetroLogistics' costs of electric power for compression.

### 4. INVOICE

The invoice for interruptible parking service shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at rates and terms set forth in Exhibit B of Shipper's Hub Services Agreement.

### 5. TERM

The term for service under this Rate Schedule shall be as set forth in Exhibit B of Shipper's Hub Services Agreement.

## 6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 The Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid and applicable laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, or requisite authorization for PetroLogistics to provide the parking service contemplated herein and to construct and operate the gas storage facilities necessary to provide such parking service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the parking service provided for herein.

6.2 PetroLogistics shall have the right to propose to FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and the Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same; provided, however, that any negotiated rates between PetroLogistics and its Shipper(s) shall remain in effect during the term of Exhibit B of the Hub Services Agreement(s).

## 7. CURTAILMENT

7.1 If, due to any cause whatsoever, PetroLogistics' capability to receive or deliver quantities is impaired so that PetroLogistics is unable to receive or deliver the quantities provided for in Exhibit B of its Hub Services Agreement with Shipper, then capacity, withdrawals, and/or injections will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

7.2 In the event that PetroLogistics determines, in its sole discretion, that some or all Interruptible storage service(s) must be interrupted in order to satisfy PetroLogistics' obligations to Firm storage service Shippers, or that such interruption is otherwise necessary or is otherwise appropriate to avoid adverse impact on the operation of PetroLogistics' system, PetroLogistics will notify any affected Shipper receiving Interruptible storage service that they are required to reduce their Interruptible Storage Inventory(s) over the period specified in the notice. Such notice shall be issued to Shippers, via facsimile, on a price basis, where lower price services will be noticed before higher price services. At a minimum, Shippers will have one Day in which to comply with the notice.

7.3 If Shipper fails to comply with the notice given in accordance with section above, PetroLogistics shall cash out the balance quantity that Shipper was advised, but failed to reduce or eliminate, at the "Gas Daily" "Henry Hub" index plus ten percent (10%) for negative Interruptible Storage Inventories or the "Gas Daily" "Henry Hub" index less ten percent (10%) for positive Interruptible Storage Inventories.

7.4 PetroLogistics may issue a notice requiring any Shipper with an Interruptible Storage Inventory of less than 50 Dth to eliminate its existing Interruptible Storage Inventory within thirty (30) Days. Such notice shall be issued by PetroLogistics to Shipper via facsimile. If Shipper fails to comply with this notice, any positive Interruptible Storage Inventory remaining after thirty (30) days will be cashed out at 80% of the "Gas Daily" "Henry Hub" index calculated during the thirty (30) Day period, and any negative Interruptible Storage Inventory remaining after thirty (30) Days will be cashed out at 120% of highest "Gas Daily" "Henry Hub" index calculated during the thirty (30) Day period.

7.5 In the event that the prices referenced in this Section 7 are no longer available or valid, PetroLogistics will file to change its tariff and may, at its discretion, select a representative price in the interim period, subject to refund. In the event that a more representative posting is established, PetroLogistics will file to change its tariff to incorporate that posting.

## 8. EXPIRATION OF TERM

8.1 At least ten (10) Business Days prior to the expiration of the term as specified in Exhibit B of Shipper's Hub Services Agreement, PetroLogistics shall notify Shipper to withdraw all of the IPS gas quantities held by PetroLogistics for Shipper's account; provided, however, any Exhibit B of Shipper's Hub Services Agreement that has a term of ten (10) Business Days or less shall not require such foregoing notice but notice shall be deemed to have been given on the first Day of the primary term or the renewed term of such Agreement. PetroLogistics'

notice to Shipper may be given verbally but shall be confirmed in writing via e-mail or facsimile to Shipper. Within two (2) Business Days of such notice, PetroLogistics and Shipper shall either agree on mutually acceptable terms by which PetroLogistics shall agree to cash out the IPS gas quantities or Shipper must physically withdraw the IPS gas quantities before the end of the contract term. If, by midnight on the last Day of the contract term, Shipper has failed to withdraw such IPS gas quantities, then PetroLogistics may take, free and clear of any adverse claims or obligation to Shipper, title to such IPS gas quantities; provided, however, that if Shipper was unable to withdraw its IPS gas quantities due to an interruption of Shipper's withdrawal service during the last five (5) days before termination, Shipper shall be allowed an additional number of days, corresponding to the period of interruption of its withdrawal service to withdraw its IPS gas quantities following the end of the contract term.

8.2 In the event that PetroLogistics retains and takes title to any of Shipper's gas pursuant to this Section 8, PetroLogistics shall dispose of such gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

## 9. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of this FERC Gas Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this IPS Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein.

**RATE SCHEDULE ILS  
INTERRUPTIBLE LOAN SERVICE**

1. AVAILABILITY

This Rate Schedule is available to any Shipper for the purchase of interruptible natural gas loan ("ILS") service from PetroLogistics, provided that:

- (a) PetroLogistics has determined that it has sufficient operationally available storage capacity, injection or withdrawal capacity to perform service requested by Shipper;
- (b) PetroLogistics has determined that service requested by Shipper will not interfere with efficient operation of its system or with higher priority services;
- (c) Shipper and PetroLogistics have executed a Hub Services Agreement under this Rate Schedule;
- (d) Shipper accepts responsibility for arranging any transportation service required for utilization of the loan service provided under this Rate Schedule; and
- (e) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all ILS service rendered by PetroLogistics to Shipper at PetroLogistics' facilities located in Iberville Parish, Louisiana pursuant to an executed Hub Services Agreement.

2.2 ILS service rendered by PetroLogistics to Shipper under this Rate Schedule shall consist of the advancement to Shipper, upon nomination and subsequent confirmation, of daily quantities of gas in storage up to Shipper's Maximum Daily Withdrawal Quantity ("MDWQ") stated in Exhibit B of the Hub Services Agreement with Shipper, provided that all higher priority service nominations for withdrawal have been satisfied and system needs allow. Shipper agrees to replace the borrowed quantities of gas to PetroLogistics at a time to be agreed upon as set forth in Exhibit B of the Hub Services Agreement. If Shipper fails to replace or replenish gas advanced by PetroLogistics to Shipper under this Rate Schedule at the agreed upon time, PetroLogistics may purchase replacement gas and Shipper shall pay PetroLogistics the cost of the replacement gas, which includes the actual cost of replacement supplies and any costs or penalties incurred by PetroLogistics or its Shippers as a result of Shipper's failure to deliver replacement gas, plus all other costs incurred by PetroLogistics to secure such replacement gas, including to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas.

2.3 To the extent gas which is advanced to an interruptible Shipper hereunder is needed by PetroLogistics in order to satisfy PetroLogistics' obligations to higher priority services or to meet system needs, PetroLogistics may at its sole discretion and upon giving notice to Shipper, interrupt the continuation of any or all services hereunder and require Shipper to replace or replenish all, or any portion, of the ILS gas quantities borrowed by Shipper at a time to be agreed upon. Unless PetroLogistics otherwise agrees, Shipper shall be required to make ratable injections. If Shipper fails to replace or replenish borrowed gas to PetroLogistics at the agreed upon time, PetroLogistics may purchase replacement gas and Shipper shall pay PetroLogistics the cost of the replacement gas, which includes the actual cost of replacement supplies and any costs or penalties incurred by PetroLogistics or its Shippers as a result of Shipper's failure to deliver replacement gas, plus all other costs incurred by PetroLogistics to secure such replacement gas, including, but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas.

2.4 Shipper shall be permitted to combine the ILS service available under this Rate Schedule with any service available under any other Rate Schedule set forth in this FERC Gas Tariff; provided, however, such combined services shall be subject to Section 7 of the General Terms and Conditions of this FERC Gas Tariff; and,

provided, further, that priority for each service shall be determined by the respective priority of that service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

### 3. RATES AND CHARGES

The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. The rates and charges paid by Shipper for ILS service under this Rate Schedule shall include the applicable loan rate components set forth in the ILS Rate Schedule and as described below:

- (a) Interruptible Loan Charge. A charge for each Dth of Shipper's Maximum Loan Quantity specified in Exhibit B of Shipper's Hub Services Agreement.
- (b) Interruptible Loan Injection Charge. A charge for each Dth of gas injected into PetroLogistics' facilities pursuant to Section 2 of this Rate Schedule.
- (c) Interruptible Loan Withdrawal Charge. A charge for each Dth gas withdrawn from PetroLogistics' facilities pursuant to Section 2 of this Rate Schedule.
- (d) Fuel Retention. The amount of gas for fuel and losses determined in accordance with Section 14 of the General Terms and Conditions of this FERC Gas Tariff and set forth in Exhibit B of Shipper's Hub Services Agreement.
- (e) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in the Hub Services Agreement.
- (f) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes,, as set forth in Exhibit B of the Hub Services Agreement.
- (g) Electric Power Costs for Compression. A usage charge, as set forth in Exhibit A to Shipper's FSS Service Agreement, to account for PetroLogistics' costs of electric power for compression.

### 4. INVOICE

The invoice for interruptible loan service shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at rates and terms set forth in Exhibit B of Shipper's Hub Services Agreement.

### 5. TERM

The term for service under this Rate Schedule shall be as set forth in Exhibit B of the Shipper's Hub Services Agreement.

### 6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 The Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid and applicable laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for PetroLogistics to provide the loan service contemplated hereby and to construct and operate the gas storage facilities necessary to provide such loan service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the loan service provided for herein.

6.2 PetroLogistics shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and the Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law,

without prejudice to Shipper's right to protest the same; provided, however, that any negotiated rates between PetroLogistics and its Shipper(s) shall remain in effect during the term of Exhibit B of the Hub Services Agreement(s).

7. CURTAILMENT

If, due to any cause whatsoever, PetroLogistics' capability to receive or deliver quantities is impaired so that PetroLogistics is unable to receive or deliver the quantities provided for in its Exhibit B of the Hub Services Agreements with Shippers, then capacity, withdrawals, and/or injections will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

8. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of this FERC Gas Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this ILS Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein.

**RATE SCHEDULE IWS  
INTERRUPTIBLE WHEELING SERVICE**

**1. AVAILABILITY**

This Rate Schedule is available to any Shipper for the purchase of interruptible natural gas wheeling (“IWS”) service from PetroLogistics, provided that:

- (a) PetroLogistics has determined that it has sufficient operationally available interruptible wheeling, receipt and delivery capacity to perform service requested by Shipper;
- (b) PetroLogistics has determined that service requested by Shipper will not interfere with efficient operation of its system or with higher priority services;
- (c) Shipper and PetroLogistics have executed a Hub Services Agreement under this Rate Schedule;
- (d) Shipper accepts responsibility for arranging any upstream and/or downstream transportation service required for utilization of the wheeling service provided under this Rate Schedule; and
- (e) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 This Rate Schedule shall apply to all IWS service rendered by PetroLogistics to Shipper at PetroLogistics' facilities located in Iberville Parish, Louisiana, pursuant to an executed Hub Services Agreement.

2.2 IWS service rendered by PetroLogistics to Shipper under this Rate Schedule shall consist of the transportation of gas, on an interruptible basis, by PetroLogistics for Shipper on PetroLogistics' system between agreed upon Point(s) of Receipt and Point(s) of Delivery.

2.3 PetroLogistics shall, on an interruptible basis, receive for Shipper at Point(s) of Receipt located on PetroLogistics' system, and shall transport and deliver at the Point(s) of Delivery located on PetroLogistics' system daily quantities of gas up to Shipper's interruptible Maximum Daily Wheeling Quantity; provided, however, PetroLogistics shall not be obligated to receive, transport and/or deliver quantities of gas on any Day in excess of the quantity nominated and scheduled for that Day.

2.4 Shipper shall be permitted to combine the IWS service available under this Rate Schedule with any service available under any other Rate Schedule set forth in this FERC Gas Tariff; provided, however, such combined service shall be subject to Section 7 of the General Terms and Conditions of this FERC Gas Tariff; and, provided, further, that priority for each service shall be determined by the respective priority of that service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

2.5 The transportation of gas in amounts up to the Shipper's Maximum Daily Wheeling Quantity, as specified in Exhibit B of the Shipper's Hub Services Agreement, shall be available only in the event that all higher priority service needs have been satisfied.

**3. RATES AND CHARGES**

3.1 The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. The rates and charges paid by Shipper for interruptible wheeling service under this Rate Schedule shall include the applicable wheeling rate components set forth in the Rate Statement IWS and as described below:

- (a) Interruptible Wheeling Charge. A charge for each Dth wheeled by PetroLogistics or the Shipper's Maximum Daily Wheeling Quantity, as applicable.

- (b) Fuel Retention. The amount of gas for fuel and losses determined in accordance with Section 14 of this FERC Gas Tariff and set forth in Exhibit B of Shipper's Hub Services Agreement.
- (c) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in the Hub Services Agreement.
- (d) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes,, as set forth in Exhibit B of the Hub Services Agreement.
- (e) Electric Power Costs for Compression. A usage charge, as set forth in Exhibit A to Shipper's FSS Service Agreement, to account for PetroLogistics' costs of electric power for compression.

#### 4. INVOICE

The invoice for interruptible wheeling service shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at rates and terms set forth in Exhibit B of Shipper's Hub Services Agreement.

#### 5. TERM

The term for service under this Rate Schedule shall be as set forth in Exhibit B of Shipper's Hub Services Agreement.

#### 6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 The Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid and applicable laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for PetroLogistics to provide the IWS contemplated hereby and to construct and operate the gas wheeling facilities necessary to provide such wheeling service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the wheeling service provided for herein.

6.2 PetroLogistics shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and the Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same; provided, however, that any negotiated rates between PetroLogistics and its Shipper(s) shall remain in effect during the term of Exhibit B of the Hub Services Agreement(s)

#### 7. CURTAILMENT

If, due to any cause whatsoever, PetroLogistics' capability to receive or deliver quantities is impaired so that PetroLogistics is unable to receive or deliver the quantities provided for in its Exhibit B of the Hub Services Agreement(s) with Shippers, then wheeling capacity will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

#### 8. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of this FERC Gas Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule

IWS, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein.

**RATE SCHEDULE IBTS  
INTERRUPTIBLE IMBALANCE TRADING SERVICE**

1. AVAILABILITY

This Rate Schedule is available to any Shipper for the purchase of interruptible natural gas imbalance trading (“IBTS”) service from PetroLogistics, provided that:

- (a) PetroLogistics has determined that service requested by Shipper will not interfere with efficient operation of its system or with higher priority services;
- (b) Shipper and PetroLogistics have executed a Hub Services Agreement under this Rate Schedule;
- (c) Shipper accepts responsibility for arranging any transportation service required for utilization of the imbalance trading service provided under this Rate Schedule; and
- (d) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all IBTS service rendered by PetroLogistics to Shipper at PetroLogistics' facilities located in Iberville Parish, Louisiana pursuant to an executed Hub Services Agreement.

2.2 IBTS service rendered by PetroLogistics to Shipper under this Rate Schedule shall consist of the trading of imbalance quantities by PetroLogistics for Shipper at agreed upon Point(s) of Receipt and Delivery on PetroLogistics' system upon nomination by Shipper, and shall also permit the trading of imbalance quantities among Shippers. PetroLogistics shall, on an interruptible basis, accept nominations from Shipper for Point(s) of Receipt and Point(s) of Delivery located on PetroLogistics' system for quantities of gas up to the quantities set forth in Exhibit B of Shipper's Hub Services Agreement, in order to permit Shipper to trade imbalances created under Rate Schedules set forth in this FERC Gas Tariff. Further, PetroLogistics, on an interruptible basis, shall permit Shipper with imbalance quantities, upon prior notification to PetroLogistics, to trade such imbalance quantities with another Shipper, up to the quantities set forth in Exhibit B of Shipper's Hub Services Agreement. Shipper shall be permitted to combine the IBTS service available under this Rate Schedule with any service available under any other Rate Schedule set forth in this FERC Gas Tariff; provided, however, such combined services shall be subject to Section 7 of the General Terms and Conditions of this FERC Gas Tariff; and, provided, further, that priority for each service shall be determined by the respective priority of that service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

3. RATES AND CHARGES

The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. The rates and charges paid by Shipper for IBTS service under this Rate Schedule shall include the applicable imbalance trading rate components set forth in the Rate Statement IBTS and as described below:

- (a) Interruptible Imbalance Trading Charge. A charge for each Dth scheduled and confirmed with PetroLogistics as an imbalance trade, including imbalance quantities traded between Shippers.
- (b) Fuel Retention. No fuel is required to perform PetroLogistics' imbalance trading service.
- (c) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Shipper's Hub Services Agreement.

- (d) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes,, as set forth in Exhibit B of Shipper's Hub Services Agreement.

#### 4. INVOICE

The invoice for IBTS service shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at rates and terms set forth in Exhibit B of Shipper's Hub Services Agreement.

#### 5. TERM

The term for service under this Rate Schedule shall be as set forth in Exhibit B of Shipper's executed Hub Services Agreement.

#### 6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 The Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for PetroLogistics to provide the imbalance trading service contemplated hereby and to construct and operate the gas storage facilities necessary to provide such imbalance trading service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the imbalance trading service provided for herein.

6.2 PetroLogistics shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and the Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same; provided, however, that any negotiated rates between PetroLogistics and its Shipper(s) shall remain in effect during the term of the Exhibit B of the Hub Services Agreement(s).

#### 7. CURTAILMENT

If, due to any cause whatsoever, PetroLogistics' capability to receive or deliver quantities is impaired so that PetroLogistics is unable to receive or deliver the quantities provided for in its Exhibit B of Hub Services Agreements with Shippers, then capacity, withdrawals, and/or injections will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

#### 8. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of this FERC Gas Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule IBTS, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein.

**RATE SCHEDULE IBS  
INTERRUPTIBLE BALANCING SERVICE**

1. AVAILABILITY

This Rate Schedule is available to any Shipper for the purchase of interruptible balancing (“IBS”) service from PetroLogistics, provided that:

- (a) PetroLogistics has determined that it has sufficient operationally available gas or storage capacity, injection or withdrawal capacity to perform service requested by Shipper;
- (b) PetroLogistics has determined that service requested by Shipper will not interfere with efficient operation of its system or with higher priority service;
- (c) Shipper and PetroLogistics have executed a Hub Services Agreement under this Rate Schedule;
- (d) Shipper accepts responsibility for arranging any transportation service required for utilization of the balancing service provided under this Rate Schedule; and
- (e) Service under this Rate Schedule may not be available to the extent that PetroLogistics would be required to construct, modify, expand or acquire any facilities to enable PetroLogistics to perform the requested services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all IBS service rendered by PetroLogistics to Shipper at PetroLogistics' facilities located in Iberville Parish, Louisiana pursuant to an executed Hub Services Agreement.

2.2 IBS service rendered by PetroLogistics to Shipper under this Rate Schedule shall consist of the injection, storage, and withdrawal and delivery of quantities of gas in order to manage imbalances created by Shipper under Rate Schedules set forth in this FERC Gas Tariff. Service under this Rate Schedule includes:

- (a) The daily injection of Shipper's gas per Shipper's nomination which is in excess of the quantity of gas delivered to any Point(s) of Delivery per Shipper's nomination under Rate Schedules set forth in this FERC Gas Tariff, provided that all higher priority service nominations for injection have been satisfied, that Shipper has Storage Capacity available and Shipper delivers the nominated quantity, plus fuel reimbursement, to the Point(s) of Receipt located on PetroLogistics' system;
- (b) The storage of gas in amounts up to Shipper's interruptible Maximum Balance Quantity, provided that all higher priority service storage and system needs have been satisfied; or
- (c) The daily withdrawal and delivery of PetroLogistics' or Shipper's gas per Shipper's nomination to the Point(s) of Delivery located on PetroLogistics' system which is in excess of the quantity of gas received by PetroLogistics at any Point(s) of Receipt per Shipper's nomination under Rate Schedules set forth in this FERC Gas Tariff, provided that all higher priority service nominations for withdrawal and system needs have been satisfied, and that Shipper or PetroLogistics has sufficient gas stored in Interruptible Storage Inventory.

2.3 To the extent interruptible storage capacity or gas which is being utilized by an interruptible Shipper hereunder is needed by PetroLogistics in order to satisfy PetroLogistics' obligations to Firm Shippers, PetroLogistics shall require Shipper to withdraw or repay all, or any portion of, the IBS gas quantities held or loaned by PetroLogistics for the account of Shipper as specified by PetroLogistics. Unless PetroLogistics otherwise agrees, Shipper shall be required to make ratable injections or withdrawals. If Shipper fails to inject or withdraw such IBS

storage gas, then PetroLogistics may take, free and clear of any adverse claims, title to such IBS Storage Inventory as Shipper was instructed to withdraw. If Shipper fails to inject such IBS storage gas, then PetroLogistics may purchase replacement gas and Shipper shall pay PetroLogistics the cost of the replacement gas, which includes the actual cost of replacement supplies and any costs or penalties incurred by PetroLogistics or its Shippers as a result of Shipper's failure to deliver replacement gas, plus all other costs incurred by PetroLogistics to secure such replacement gas, including, but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas. PetroLogistics' notice to Shipper may be given verbally, but shall be confirmed in writing via e-mail or facsimile to the Shipper. In the event that PetroLogistics retains and takes title to any of Shipper's gas pursuant to this section, PetroLogistics shall dispose of such gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

2.4 Shipper shall be permitted to combine the interruptible injection, storage, or withdrawal and delivery of gas available under this Rate Schedule with any service available under any other Rate Schedule set forth in this FERC Gas Tariff; provided, however, such combined services shall be subject to Section 7 of the General Terms and Conditions of this FERC Gas Tariff; and, provided, further, that priority for each service shall be determined by the respective priority of that service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

### 3. RATES AND CHARGES

The charges to be paid by Shipper shall be mutually agreed to by PetroLogistics and Shipper. The rates and charges paid by Shipper for interruptible balancing service under this Rate Schedule shall include the applicable interruptible balancing rate components set forth in the Rate Statement IBS and as described below:

- (a) Interruptible Balancing Charge. A charge for each Dth of gas stored in PetroLogistics' facilities under this Rate Schedule.
- (b) Interruptible Balancing Injection Charge. A charge for each Dth of gas injected into PetroLogistics' facilities pursuant to Section 2(a) of this Rate Schedule during a given invoice period.
- (c) Interruptible Balancing Withdrawal Charge. A charge for each Dth of gas withdrawn from PetroLogistics' facilities pursuant to Section 2(c) of this Rate Schedule during a given invoice period.
- (d) Fuel Retention. The amount of gas for fuel and losses determined in accordance with Section 14 of the General Terms and Conditions of this FERC Gas Tariff and set forth in Exhibit B of Shipper's Hub Services Agreement.
- (e) Regulatory Fees and Charges. Shipper shall reimburse PetroLogistics for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Shipper's Hub Services Agreement.
- (f) Taxes. In accordance with Section 13.7 of the General Terms and Conditions, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes, as set forth in Exhibit B of Shipper's Hub Services Agreement.
- (g) Electric Power Costs for Compression. A usage charge, as set forth in Exhibit A to Shipper's FSS Service Agreement, to account for PetroLogistics' costs of electric power for compression.

### 4. INVOICE

The invoice for interruptible balancing service shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at rates and terms set forth in Exhibit B of Shipper's Hub Services Agreement.

5. TERM

The term for service under this Rate Schedule shall be as set forth in Exhibit B of the Hub Services Agreement.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 The Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid and applicable laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for PetroLogistics to provide the balancing service contemplated hereby and to construct and operate the gas storage facilities necessary to provide such balancing service and for any connected pipeline to transport natural gas to/from the Point(s) of Receipt/Delivery necessary to effect the balancing service provided for herein.

6.2 PetroLogistics shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service as it deems necessary, and the Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same; provided, however, that any negotiated rates between PetroLogistics and its Shipper(s) shall remain in effect during the term of Exhibit B of the Hub Services Agreement(s).

7. CURTAILMENT

7.1 If, due to any cause whatsoever, PetroLogistics' capability to receive or deliver quantities is impaired so that PetroLogistics is unable to receive or deliver the quantities provided for in Exhibit B of the Hub Services Agreement with Shippers, then capacity, withdrawals, and/or injections will be allocated according to the priority of service as set forth in Section 7 of the General Terms and Conditions of this FERC Gas Tariff.

7.2 In the event that PetroLogistics determines, in its sole discretion, that some or all Interruptible storage service(s) must be interrupted in order to satisfy PetroLogistics' obligations to Firm storage service Shippers, or that such interruption is otherwise necessary or is otherwise appropriate to avoid adverse impact on the operation of PetroLogistics' system, PetroLogistics will notify any affected Shipper receiving Interruptible storage service that they are required to reduce their Interruptible Storage Inventory(s) over the period specified in the notice. Such notice shall be issued to Shippers, via facsimile, on a price basis, where lower price services will be noticed before higher price services. At a minimum, Shippers will have one Day in which to comply with the notice.

7.3 If Shipper fails to comply with the notice given in accordance with section above, PetroLogistics shall cash out the balance quantity that Shipper was advised, but failed to reduce or eliminate, at the "Gas Daily" "Henry Hub" index plus ten percent (10%) for negative Interruptible Storage Inventories or the "Gas Daily" "Henry Hub" index less ten percent (10%) for positive Interruptible Storage Inventories.

7.4 PetroLogistics may issue a notice requiring any Shipper with an Interruptible Storage Inventory of less than 50 Dth to eliminate its existing Interruptible Storage Inventory within thirty (30) Days. Such notice shall be issued by PetroLogistics to Shipper via facsimile. If Shipper fails to comply with this notice, any positive Interruptible Storage Inventory remaining after thirty (30) days will be cashed out at 80% of the "Gas Daily" "Henry Hub" index calculated during the thirty (30) Day period, and any negative Interruptible Storage Inventory remaining after thirty (30) Days will be cashed out at 120% of highest "Gas Daily" "Henry Hub" index calculated during the thirty (30) Day period.

7.5 In the event that the prices referenced in this Section 7 are no longer available or valid, PetroLogistics will file to change its tariff and may, at its discretion, select a representative price in the interim

period, subject to refund. In the event that a more representative posting is established, PetroLogistics will file to change its tariff to incorporate that posting.

## 8. EXPIRATION OF TERM

8.1 At least ten (10) Business Days prior to the end of the term as specified in Exhibit B of Shipper's Hub Services Agreement, PetroLogistics shall notify Shipper to withdraw all of the IBS gas quantities held in storage by PetroLogistics for the account of Shipper; provided, however, any Exhibit B of Shipper's Hub Services Agreement that has a term of ten (10) business days or less shall not require such foregoing notice but shall be deemed to have been given upon the first day of the primary term or the renewed term of such Agreement. PetroLogistics' notice to Shipper may be given verbally, but shall be confirmed in writing via e-mail or facsimile to the Shipper. Before the end of the term of Exhibit B of Shipper's Hub Services Agreement, the Shipper must either physically withdraw the gas or indicate to PetroLogistics in writing that it desires to have PetroLogistics cash out the gas on mutually agreeable terms. If, by midnight on the last Day of the term of Exhibit B of Shipper's Hub Services Agreement, the Shipper neither has withdrawn the gas nor indicated in writing to PetroLogistics that it desires to exercise the cash out option, then PetroLogistics may take, free and clear of any adverse claims, title to such IBS balance quantity as Shipper was required to withdraw or cash out; provided, however, that if Shipper was unable to withdraw its IBS balance quantity due to an interruption of Shipper's withdrawal service during the last ten days before termination, Shipper shall be allowed to withdraw its gas within a reasonable period following the end of the contract term.

8.2 In the event that PetroLogistics retains and takes title to any of Shipper's gas pursuant to this section, PetroLogistics shall dispose of such gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of Section 27 of the General Terms and Conditions of this FERC Gas Tariff.

## 9. GENERAL TERMS AND CONDITIONS

The invoice for interruptible balancing service shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at rates and terms set forth in Exhibit B of Shipper's Hub Services Agreement. Applicable provisions of the General Terms and Conditions of this FERC Gas Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule IBS, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein.

## **GENERAL TERMS AND CONDITIONS OF SERVICE**

Except where stated otherwise, the General Terms and Conditions of PetroLogistics' currently effective FERC Gas Tariff shall apply to all natural gas services rendered by PetroLogistics under any Service Agreement, including, but not limited to, service under Rate Schedules FSS, ISS, IPS, ILS, IWS, IBTS, and IBS.

## **GENERAL TERMS AND CONDITIONS OF SERVICE**

### **INDEX**

SECTION 1.	DEFINITIONS
SECTION 2.	CONTRACTING FOR STORAGE SERVICE
SECTION 3.	POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY
SECTION 4.	STORAGE OPERATIONS
SECTION 5.	WHEELING OPERATIONS
SECTION 6.	NOMINATIONS AND SCHEDULING
SECTION 7.	PRIORITY, INTERRUPTION OF SERVICE AND OPERATIONAL FLOW ORDERS
SECTION 8.	CAPACITY RELEASE
SECTION 9.	QUALITY
SECTION 10.	GAS PRESSURE AND INJECTION/WITHDRAW RATES
SECTION 11.	MEASUREMENT
SECTION 12.	TITLE AND RISK OF LOSS
SECTION 13.	BILLING AND PAYMENT
SECTION 14.	FUEL REIMBURSEMENT
SECTION 15.	FORCE MAJEURE
SECTION 16.	NORTH AMERICAN ENERGY STANDARDS BOARD (NAESB)
SECTION 17.	GAS TITLE TRANSFERS
SECTION 18.	PENALTIES
SECTION 19.	NOTICES
SECTION 20.	JOINT OBLIGATIONS
SECTION 21.	NON-DISCRIMINATORY WAIVER OF TARIFF PROVISIONS AND NON-WAIVER OF FUTURE DEFAULTS
SECTION 22.	MODIFICATION
SECTION 23.	SUCCESSORS IN INTEREST
SECTION 24.	DEFAULT
SECTION 25.	POLICY WITH RESPECT TO FEES AND CONSTRUCTION OF NEW FACILITIES
SECTION 26.	ELECTRONIC COMMUNICATION
SECTION 27.	DISPOSITION OF RETAINED QUANTITIES

## 1. DEFINITIONS

1.1 "Authorized Overrun Quantities" shall mean quantities of gas which PetroLogistics agrees, in its reasonable judgment, to inject or withdraw for Shipper, in excess of Shipper's Maximum Daily Injection Quantity/Maximum Daily Withdrawal Quantity or Maximum Hourly Injection Quantity/Maximum Hourly Withdrawal Quantity, as established in Exhibit A of Shipper's Service Agreement.

1.2 "Base Gas" shall mean the gas required in the storage reservoir necessary to provide the pressure to cycle the working storage volumes, as set forth in the Service Agreement.

1.3 "Bcf" means one billion (1,000,000,000) cubic feet.

1.4 "Btu" means one British Thermal Unit, and shall be the quantity of heat required to raise the temperature of one (1) pound of water from fifty-eight and five-tenths degrees (58.5 degrees) to fifty-nine and five-tenths degrees (59.5 degrees) Fahrenheit. The reporting basis for Btu is 14.73 dry psig and 60 degrees F (101.325 kPa and 15 degrees C, and dry).

1.5 "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions occurring in Canada and Mexico.

1.6 "Contract Year" shall mean the twelve (12) month period beginning on the date service under a Service Agreement commences and each subsequent twelve month period thereafter during the term of the Service Agreement.

1.7 "Critical Notices" shall mean information pertaining to PetroLogistics conditions that affect scheduling or adversely affect scheduled storage services.

1.8 "Cubic Foot" shall mean the volume of gas that occupies one cubic foot at a temperature of 60 degrees Fahrenheit, a pressure of 14.73 psig, and dry. Mcf means one thousand (1,000) cubic feet and MMcf means one million (1,000,000) cubic feet.

1.9 "Day," or "Gas Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 9:00 AM central clock time (C.T.) including Saturdays, Sundays and Federal Banking Holidays, except that in the event that an obligation falls due on a Saturday, Sunday or Federal Banking Holiday the obligation shall be due on the next Business Day.

1.10 "Dekatherm" or "Dth" shall mean the quantity of heat energy which is equivalent to 1,000,000 Btu. One Dekatherm of gas means the quantity of gas which contains one Dekatherm of heat energy.

1.11 "Facility" shall mean the structure and facilities to be designed and constructed by PetroLogistics for purposes of providing the Service(s) contemplated by the Service Agreement.

1.12 "FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any successor agency.

1.13 "Firm" shall mean Service provided under Rate Schedule FSS.

1.14 "Force Majeure" shall mean an event of Force Majeure as specified in Section 15.

1.15 "FSS Service Agreement" shall mean the agreement governing service provided under Rate Schedule FSS.

1.16 "Fuel Reimbursement" shall have the meaning specified in Section 14.

1.17 "GAAP" shall have the meaning assigned in Section 2.3(a)(1).

1.18 "Gas" shall mean natural gas in its natural state, produced from wells, including casinghead gas produced with crude oil, natural gas from wells and residue gas resulting from processing both casinghead gas and gas well gas.

1.19 "Interruptible" shall mean that the storage, parking, wheeling, loaning, imbalance trading, or balancing services which are subject to interruption at any time by PetroLogistics. A Shipper may be required to withdraw gas held in storage pursuant to Exhibit B of the ISS Service Agreement or Hub Services Agreement, or provide gas to PetroLogistics, should such capacity or quantities be required by a higher priority service.

1.20 "Interruptible Storage Inventory" shall mean the quantity of gas in Shipper's account under Rate Schedule ISS.

1.21 "Intra-day Nominations" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that Gas Day.

1.22 "ISS Service Agreement" shall mean the agreement governing service provided under Rate Schedule ISS.

1.23 "Loan Balance" shall mean the quantity of gas, expressed in Dth, that PetroLogistics has loaned to Shipper, provided that the Loan Balance shall never exceed Shipper's MLQ specified in Exhibit B of Shipper's Hub Services Agreement.

1.24 "Material Adverse Change" shall mean a material change to (i) the business, property, condition (financial or otherwise), results of operations, or prospects of Shipper or any Shipper guarantor, including bankruptcy or other insolvency proceeding; (ii) a downgrade in Shipper's or Shipper's guarantor's credit rating, as established by Standard & Poor's or Moody's Investments Services, Inc.; or (iii) the validity or enforceability of the Service Agreement(s), any Shipper guaranty, or the rights or remedies of PetroLogistics thereunder, which, in the reasonable judgment of PetroLogistics, adversely affects either (A) the ability of Shipper or Shipper's guarantor to perform in a timely manner any of their respective obligations under the Service Agreement(s) or guaranty, as applicable, or (B) the rights of PetroLogistics under either the Service Agreement(s) and/or Shipper's guaranty.

1.25 "Maximum Daily Delivery Quantity" or "MDDQ" shall mean the maximum quantity of gas, expressed in Dths, specified in Shipper's Service Agreement or Exhibit B of the Hub Services Agreement, as applicable, that Shipper may nominate and that PetroLogistics shall deliver at a Point of Delivery at constant hourly rates of flow over the course of such Day (excluding Fuel Reimbursement). As determined by PetroLogistics in its sole and reasonable judgment, the maximum quantity may be delivered at rates of flow which deviate from constant hourly rates over the course of such Day.

1.26 "Maximum Daily Injection Quantity" or "MDIQ" shall mean the maximum quantity of gas which Shipper is entitled to inject into the Facility on any Day, excluding Fuel Retention.

1.27 "Maximum Daily Receipt Quantity" or "MDRQ" shall mean the maximum quantity of gas, expressed in Dths, specified in Shipper's Service Agreement or Exhibit B of the Hub Services Agreement, as applicable, that Shipper may nominate and that PetroLogistics shall receive at each Point of Receipt at constant hourly rates of flow over the course of such Day (excluding Fuel Reimbursement). As determined by PetroLogistics in its sole and reasonable judgment, the maximum quantity may be received at rates of flow which deviated from the constant hourly rates over the course of such Day.

1.28 "Maximum Daily Wheeling Quantity" or "MDTQ" shall mean the maximum quantity of gas, expressed in Dths, specified in Exhibit B of Shipper's Hub Services Agreement that Shipper may nominate and that PetroLogistics shall transport from a Point of Receipt to a Point of Delivery located on PetroLogistics' system each Day at constant hourly rates of flow over the course of such Day (excluding Fuel Reimbursement). As determined by PetroLogistics in its sole and reasonable judgment, the maximum quantity may be wheeled at rates of flow which deviate from constant hourly rates over the course of such Day.

1.29 "Maximum Daily Withdrawal Quantity" or "MDWQ" shall mean the maximum quantity of gas which Shipper is entitled to withdraw on any Day, excluding Fuel Retention.

1.30 "Maximum Loan Quantity" or "MLQ" shall mean the maximum quantity of gas, expressed in Dth, that PetroLogistics is obligated to loan to Shipper at PetroLogistics' facilities located in Iberville Parish, Louisiana, as specified in Exhibit B of Shipper's Hub Services Agreement.

1.31 "Maximum Park Quantity" or "MPQ" shall mean the maximum quantity of gas, expressed in Dth, that Shipper is permitted to have in storage in PetroLogistics' facilities located in Iberville Parish, Louisiana, at any given time as specified in Exhibit B of Shipper's Hub Services Agreement.

1.32 "Maximum Storage Quantity" or "MSQ" shall mean the maximum quantity of gas expressed in Dth, that Shipper is permitted to have in storage in PetroLogistics' facilities located in Iberville Parish, Louisiana, at any given time as specified in the Shipper's Service Agreement.

1.33 "Minimum Acceptable Credit Rating" shall have the meaning assigned in Section 2.3(b)(1).

1.34 "Month" shall mean a period beginning at 9:00 AM C.T. on the first Day of the calendar month and ending at 9:00 AM C.T. on the first day of the following month.

1.35 "Monthly Base Gas Interest Rate" shall mean the prime rate of interest (as published in the Wall Street Journal), plus 2%, divided by 12 ((Prime Rate + 2%)/12).

1.36 "NAESB" shall mean the North American Energy Standards Board.

1.37 "Operational Flow Order" or "OFO" is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of PetroLogistics' system or to maintain operations required to provide efficient and reliable firm service. Whenever PetroLogistics experiences these conditions, any pertinent order should be referred to as an Operational Flow Order.

1.38 "Overrun" shall mean any quantity that is not within Shipper's entitlements as set forth in Shipper's Firm Service Agreement. Such quantities shall be deemed Interruptible service.

1.39 "Park Balance" shall mean the quantity of gas, expressed in Dth, that Shipper has in PetroLogistics' storage facilities for Shipper's account, provided that the Park Balance shall never exceed Shipper's MPQ specified in Exhibit B of Shipper's Hub Services Agreement.

1.40 "Party" shall mean PetroLogistics or Shipper.

1.41 "PetroLogistics" shall mean PetroLogistics Natural Gas Storage LLC.

1.42 "Point(s) of Delivery" shall mean the point(s) located on PetroLogistics' system in Iberville Parish, Louisiana, where PetroLogistics shall tender gas to Shipper.

1.43 "Point(s) of Receipt" shall mean the point(s) located on PetroLogistics' system in Iberville Parish, Louisiana where PetroLogistics shall receive gas from Shipper.

1.44 "Pooling" shall mean (i) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or (ii) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points.

1.45 "Potential Replacement Shipper" shall mean any individual or entity that desires to assume any released rights to capacity of Releasing Shipper.

1.46 "Potential Shipper" shall mean any individual or entity that desires to execute a Service Agreement with PetroLogistics.

1.47 "Psig" shall mean pounds per square inch gauge.

1.48 "Qualifying Shipper" shall have the meaning ascribed in Section 27.

1.49 "Releasing Shipper" shall mean a Shipper that has agreed to release some or all of its rights under its FSS Service Agreement.

1.50 "Replacement Shipper" shall mean a Shipper who has assumed any released rights to capacity of a Releasing Shipper.

1.51 "Reservation Charge" shall have the meaning set forth in Shipper's executed Service Agreement.

1.52 "Service(s)" shall mean the injection, storage and withdrawal of gas, and any ancillary activities to be performed by PetroLogistics for Shipper pursuant to a Service Agreement.

1.53 "Service Agreement" shall mean an FSS Service Agreement, or any of the agreements for Interruptible service (including all Exhibits), as such agreements are amended and supplemented from time to time.

1.54 "Shipper" shall mean any individual or entity executing a valid Service Agreement with the PetroLogistics for Service(s) hereunder.

1.55 "Storage Inventory" shall mean the quantity of gas in Dth that a Shipper has in place at PetroLogistics' storage facilities for Shipper's account, provided that the Storage Inventory shall never exceed Shipper's Maximum Storage Quantity.

1.56 "Title Transfer" shall mean the change of title to gas between parties at a location.

1.57 "Title Transfer Tracking" shall mean the process of accounting for the progression of title changes from party to party that does not affect a physical transfer of gas.

1.58 "Transporter" shall mean an interconnecting pipeline designated to transport Shipper's gas to the Point(s) of Receipt or receive gas from the Point(s) of Delivery.

1.59 "Web Site" shall mean PetroLogistics' HTML site accessible via the Internet's World Wide Web and located at [www.petrologistics.com](http://www.petrologistics.com).

Additional terms indicated by capitalization and utilized in this FERC Gas Tariff shall have the meaning ascribed to them where first utilized.

## 2. CONTRACTING FOR STORAGE SERVICE

### 2.1 Contact Information.

- (a) Any person may request information on pricing, terms of storage, or capacity availability by contacting PetroLogistics at the following:

PetroLogistics Natural Gas Storage LLC  
Two Houston Center  
909 Fannin Street, Suite 2630  
Houston, TX 77010

- (b) Each Shipper will be provided with a list of phone numbers for PetroLogistics' gas dispatch and control personnel, who are on call 24-hours a Day.

### 2.2 Information Requirements.

- (a) Each request for service outside of an open season as set forth in Section 2.6 shall contain the information identified on the Request for Service Information List posted on PetroLogistics' Web Site, as such list may be amended from time to time.
- (b) A Shipper or Potential Shipper requesting new service or an amendment to existing service shall also provide the following to PetroLogistics:
  - (1) Either at the time of the request for new service or an amendment to existing service is submitted to PetroLogistics or at the time of execution of the Service Agreement, such other information (if any), in writing, as may be required to comply with regulatory reporting or filing requirements; and
  - (2) Within ten (10) Business Days of the submittal of the request for new service, any credit information required to be provided pursuant to Section 2.3(a) below.
- (c) If Potential Shipper/Shipper does not submit the information required in Section 2.2 above within the required timeframes, the request for service shall be considered to be null and void.

### 2.3 Creditworthiness.

- (a) Credit Information.

- (1) A Shipper or Potential Shipper shall provide as reasonably requested by PetroLogistics: (i) complete and current financial statements, including annual reports, 10K reports or other filings with regulatory agencies, prepared in accordance with generally accepted accounting principles ("GAAP"), or for non U.S.-based Shippers, prepared in accordance with equivalent principles; (ii) a list of corporate affiliates, parent companies and subsidiaries; (iii) any credit reports from credit reporting agencies which are available; and (iv) such other information as may be mutually agreed to by the Parties.
- (2) For a Shipper or Potential Shipper that is not a public entity or whose ultimate parent company is not a public entity, Potential Shipper shall provide initially, and Shipper shall provide on a continuing basis: (i) the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct and fair representation of financial condition prepared in accordance with GAAP or equivalent; or (ii) an existing sworn filing,

including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority (if applicable), showing Shipper's current financial condition.

(3) Potential Shipper shall confirm in writing initially and any Shipper that fails to satisfy the minimum acceptable credit standard set forth in Section 2.3(b)(1) shall confirm in writing within ten (10) Business Days of receipt of a written request from PetroLogistics, that: (i) Potential Shipper/Shipper is not operating under any chapter of the bankruptcy laws; (ii) Potential Shipper/Shipper is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors or any informal creditors' committee agreement; (iii) no significant collection lawsuits or judgments are outstanding that would materially affect Potential Shipper/Shipper's ability to remain solvent as a business entity; and (iv) no receiver, custodian, trustee, or similar person has been appointed for a material portion of Shipper's assets. If Shipper's status changes so that Shipper's prior confirmation is no longer accurate, Shipper shall notify PetroLogistics in writing within ten (10) Business Days of the change. Failure of Potential Shipper/Shipper to satisfy the condition set forth in clause (i) of this Section 2.3(a)(3) shall not result in Potential Shipper/Shipper being deemed non-creditworthy if Potential Shipper/Shipper is a debtor in possession operating under Chapter 11 of the Federal Bankruptcy Code and PetroLogistics receives adequate assurance that Potential Shipper/Shipper's liabilities to PetroLogistics will be paid promptly as a cost of administration under the Federal Bankruptcy Court's jurisdiction.

(4) In the event Shipper cannot provide the information specified in 2.3(a)(1)-(3) above, Shipper shall provide, if applicable, that information for its parent company.

(b) Minimum Acceptable Credit Standard.

(1) Potential Shipper or Shipper will be deemed creditworthy if its unenhanced long-term senior unsecured debt is rated, or if its issuer credit rating is, at least "BBB-" by Standard & Poor's ("S&P") or "Baa3" by Moody's ("Moody's") ("Minimum Acceptable Credit Rating") (provided that, in the event that such ratings by S&P and Moody's vary by more than one "notch," the middle rating between the two actual ratings (rounded upwards if there are an even number of ratings notches between the two actual ratings) shall be used for purposes of determining whether Shipper has achieved the "Minimum Acceptable Credit Rating"). The applicable credit rating shall be a "foreign currency" rating if Shipper is domiciled outside of the United States. "Local currency" ratings are unacceptable unless Potential Shipper/Shipper's local currency is US Dollars.

(2) If Potential Shipper/Shipper's debt is not rated by S&P or Moody's, Potential Shipper/Shipper may elect to obtain an equivalent credit rating to establish its creditworthiness. Such equivalent credit rating must meet the minimum rating requirement set forth in Section 2.3(b)(1) of these General Terms and Conditions and may be obtained in one of the following two ways:

(A) Potential Shipper/Shipper may request an equivalent rating as determined by PetroLogistics, based on the financial rating methodology, criteria and ratios for the industry of Potential Shipper/Shipper as published by S&P and Moody's from time to time. In general, such equivalent rating will be based on the audited financial statements for Potential Shipper/Shipper's two most recent fiscal years, all interim reports and any other relevant information. PetroLogistics

shall apply financial evaluation standards consistently and on a non-discriminatory basis. If Potential Shipper/Shipper requests an equivalent rating determination by PetroLogistics and Potential Shipper/Shipper is found not to meet the minimum requirements set forth in Section 2.3(b)(1) of these General Terms and Conditions, PetroLogistics shall inform Potential Shipper/Shipper of the basis of such finding.

- (B) Potential Shipper/Shipper may, at its own expense, obtain an equivalent rating from a credit rating agency acceptable to PetroLogistics, or request that an independent accountant or financial advisor mutually acceptable to PetroLogistics and Potential Shipper/Shipper prepare an equivalent rating based on the financial rating methodology, criteria and ratios for the industry of Potential Shipper/Shipper as published by S&P and Moody's.
- (c) Alternative Forms of Security. If at any time Potential Shipper/Shipper does not meet the minimum acceptable credit standard as described in Section 2.3(b)(1) of these General Terms and Conditions, Potential Shipper/Shipper shall be required to provide one of the following alternative forms of security to PetroLogistics:
- (1) Potential Shipper/Shipper may post and maintain in effect a standby, irrevocable Letter of Credit (1) issued by a financial institution with combined capital and surplus of at least \$500,000,000 that is rated at least A by Standard & Poor's Corporation and A2 by Moody's Investor Services, Inc., (2) that provides for partial drawdowns, and (3) in form and substance is satisfactory to PetroLogistics in its reasonable judgment. A form of letter of credit is available from PetroLogistics. For service that is not originally subscribed in connection with construction, the amount of the Letter of Credit shall at all times be no less than the value of three (3) Months' worth of applicable transportation charges for the requested MSQ at the maximum applicable unit rate for Potential Shipper/Shipper's service at 100% load factor. For service that is originally subscribed in connection with construction, the amount of the Letter of Credit shall at all times be no less than the amount set forth in Potential Shipper/Shipper's precedent agreement. If PetroLogistics draws funds under the Letter of Credit, Potential Shipper/Shipper shall replenish the Letter of Credit to the required value specified herein no later than five (5) Business Days after such drawing.
  - (2) Potential Shipper/Shipper may provide a guaranty of all of Shipper's obligations under the Service Agreement granted to PetroLogistics by the Potential Shipper/Shipper's parent, affiliate or third party with a credit rating of at least the Minimum Acceptable Credit Rating, which guarantee shall be in form and substance reasonably satisfactory to PetroLogistics. A form of guaranty is available from PetroLogistics.
  - (3) Potential Shipper/Shipper may prepay for service via cleared check or wire transfer. For service that is not originally subscribed in connection with construction, the amount of the prepayment shall at all times be no less than the value of three (3) Months' worth of applicable transportation charges for the requested MSQ at the maximum applicable unit rate for Potential Shipper/Shipper's service at 100% load factor. For service that is originally subscribed in connection with construction, the amount of the prepayment shall at all times be no less than the amount set forth in Potential Shipper/Shipper's precedent agreement. Prepayment amounts shall be deposited in an interest-bearing escrow account if such an account has been established by Potential

Shipper/Shipper and PetroLogistics reasonably determines that such account is satisfactory. The costs of establishing and maintaining the escrow account shall be borne by PetroLogistics. The escrow bank must be acceptable to PetroLogistics in its reasonable judgment. The escrow agreement shall provide for prepayment amounts to be applied against Potential Shipper/Shipper's obligation under its service agreement(s) with PetroLogistics and shall grant PetroLogistics a security interest in such amounts as an assurance of future performance. The escrow agreement shall specify the permitted investments of escrowed funds so as to protect principal, and shall include only such investment options as corporations typically use for short-term deposit of their funds. If PetroLogistics is required to draw down the funds in escrow, Potential Shipper/Shipper shall replenish such funds no later than five (5) Business Days.

- (4) Potential Shipper/Shipper may provide such other form of security as mutually acceptable to Potential Shipper/Shipper and PetroLogistics.
- (5) All of PetroLogistics' creditworthiness review standards and requirements shall be imposed on a non-discriminatory basis. Security shall no longer be required pursuant to this Section 2.3(c) when Potential Shipper/Shipper achieves the minimum acceptable credit standard set forth in Section 2.3(b)(1) or when the Potential Shipper/Shipper is no longer receiving Services from the PetroLogistics, and has not guaranteed and is not otherwise liable for the performance of any assignee of Shipper, and has paid in full for all Services received from PetroLogistics in the past. Upon Potential Shipper/Shipper's request, which may be made at any time, PetroLogistics shall determine whether Potential Shipper/Shipper has achieved the minimum acceptable credit standard as described in Section 2.3(b)(1). In the event PetroLogistics determines that Potential Shipper/Shipper achieves the minimum acceptable credit standard, PetroLogistics shall terminate any alternative forms of security that Potential Shipper/Shipper may have been required to provide to PetroLogistics. If Potential Shipper/Shipper has provided such security in the form of a prepayment, PetroLogistics shall refund any unused prepayment within five (5) Business Days, plus interest due to Potential Shipper/Shipper, less costs incurred by PetroLogistics.

(d) Termination Based on Non-Creditworthiness.

- (1) If at any time PetroLogistics reasonably determines that Shipper does not meet the minimum acceptable credit standard set forth in Section 2.3(b)(1) of these General Terms and Conditions and Shipper has not already provided an alternative form of security as provided for in Section 2.3(c) of these General Terms and Conditions, PetroLogistics may notify Shipper in writing that it must provide one of the alternative form of security specified in Section 2.3(c) of these General Terms and Conditions. If: (a) within five (5) Business Days of such notice, Shipper has not provided a guaranty as described in Section 2.3(c)(2) of these General Terms and Conditions, or prepayment or a letter of credit (in either case an amount sufficient to cover the value of one Month's worth of applicable transportation charges for the requested MSQ at the maximum applicable unit rate for Shipper's service at 100% load factor); or (b) within thirty (30) days of such notice, Shipper has not provided an alternative form of security as specified in Section 2.3(c) of these General Terms and Conditions, PetroLogistics may, upon notice to Shipper, suspend service immediately. PetroLogistics may simultaneously serve Shipper a notice of termination of the Service Agreement, such termination to be effective thirty (30) days from the date of such notice unless prior to such date PetroLogistics has received the necessary assurance or alternative form of security as required

hereunder. PetroLogistics may also exercise any other remedy available to PetroLogistics hereunder, at law or in equity.

- (2) Any suspension of service pursuant to this Section 2.3(d) shall continue until PetroLogistics terminates the Service Agreement or until Shipper achieves the minimum acceptable credit standard or has provided an alternative form of security as required pursuant to these General Terms and Conditions. Shipper shall not be required to pay reservation charges during such suspension. At any time during such suspension, Shipper may request PetroLogistics determine that Shipper has achieved the minimum acceptable credit standard as specified in Section 2.3(b)(1) of these General Terms and Conditions.
- (3) Upon issuing any notice to Shipper of suspension of service or termination of a Service Agreement pursuant to Section 2.3(d) of these General Terms and Conditions, PetroLogistics shall simultaneously notify the Commission of such suspension or termination.
- (4) Shipper may not recall any capacity if PetroLogistics has given notice of suspension or termination as provided for in Section 2.3(d) of these General Terms and Conditions unless and until PetroLogistics determines that Shipper satisfies the creditworthiness criteria set forth in these General Terms and Conditions.
- (5) PetroLogistics may terminate a release of capacity to a Replacement Shipper if the Releasing Shipper's Service Agreement is terminated, provided that the Replacement Shipper may continue receiving such service if it agrees to pay, for the remaining term of the Replacement Shipper's contract, the lesser of (a) the Releasing Shipper's contract rate; (b) the maximum tariff rate applicable to Shipper's capacity; or (c) some other rate acceptable to PetroLogistics.

#### 2.4 Additional Information.

- (a) Shipper shall also promptly provide such additional Shipper credit information as may be reasonably required by PetroLogistics, at any time during the term of service under a Service Agreement, to determine Shipper's creditworthiness.
- (b) After receipt of a request for service, PetroLogistics may require that Shipper furnish additional information as a prerequisite to PetroLogistics offering to execute a Service Agreement with Shipper. Such information may include proof of Shipper's lawful right and/or title to cause the gas to be delivered to PetroLogistics for service under this FERC Gas Tariff and of Shipper's contractual or physical ability to cause such gas to be delivered to and received from PetroLogistics.
- (c) Should Shipper desire PetroLogistics to provide service pursuant to Section 311 of the Natural Gas Policy Act of 1978, Shipper shall provide to PetroLogistics a statement warranting that Shipper complies with all requirements for receiving service pursuant to Section 311 and FERC's regulations thereunder, including, but not limited to, compliance with the "on-behalf-of" requirement then in effect.
- (d) Shipper is required to provide to PetroLogistics (1) the State of the source of gas that is to be stored and/or transported and (2) such other information if required in order for PetroLogistics to comply with any FERC reporting or other requirements.

#### 2.5 Execution of Service Agreements and Amendments.

- (a) A Service Agreement and/or amendment to an existing Service Agreement shall be executed, as specified in this Section 2.5 by Potential Shipper/Shipper and PetroLogistics following the completion of the open season process pursuant to Section 2.6 of the General Terms and Conditions and/or the completion of the approval process.
- (b) All Service Agreements and all Service Agreement amendments shall be executed in writing by Shipper and PetroLogistics. Each Potential Shipper/Shipper shall execute a Service Agreement within sixty (60) consecutive Days of the tender of said Service Agreement. In addition, PetroLogistics may require a Potential Shipper to execute a precedent agreement prior to execution of a Service Agreement, all of which may be more fully set forth in the open season documentation, if applicable.
- (c) The applicable Form of Service Agreement, the Exhibit(s) executed by Shipper and PetroLogistics, the applicable Rate Schedule, and the General Terms and Conditions of this FERC Gas Tariff will comprise the entire Service Agreement between Potential Shipper/Shipper and PetroLogistics.
- (d) If PetroLogistics has tendered a Service Agreement for execution and Potential Shipper/Shipper fails to execute the Service Agreement as tendered within sixty (60) consecutive Days of the date Shipper receives the Service Agreement, the Service Agreement and the corresponding request for service shall be considered null and void. For Firm storage service, PetroLogistics will not be required to tender a Service Agreement to a Potential Shipper for execution that relates to requests for Service for which PetroLogistics does not have sufficient available firm storage capacity, injection, and/or withdrawal capacity.

## 2.6 Open Season.

- (a) Notice of open season. PetroLogistics shall post notice of an open season for firm storage capacity at its sole discretion. Such notice shall be posted on its Internet Web Site and shall set forth when the open season begins and ends, where interested parties may submit requests for Firm services, the minimum rates, if any, PetroLogistics will accept for the available capacity, and how interested parties may submit requests for service and additional details about the open season.
- (b) Duration. The open season shall commence at the time and date specified and for the term indicated in the notice of open season. During this time, PetroLogistics will accept requests for the Firm service to be available in its facilities.
- (c) During an open season, PetroLogistics will accept bids for firm storage from Potential Shippers. Specifically, PetroLogistics shall evaluate bids and award capacity, based on one of the following methods, as identified in the notice of the open season: (i) the highest present value of the reservation charges or other source of guaranteed revenue to be received by PetroLogistics over the term of each Service Agreement; (ii) the highest reservation charge, or other source of guaranteed revenue, bid; or (iii) an alternative objective and not unduly discriminatory method chosen by PetroLogistics and posted at least three Days prior to when the capacity is posted for bidding. In the notice of the open season, PetroLogistics shall specify an objective, not unduly discriminatory method for allocating capacity in the event of equivalent bids from more than one Potential Shipper.
- (d) Should requests for firm storage exceed available capacity during the allocation process of an open season, capacity will first be allocated to the highest present value bids received for Firm service. When remaining unallocated capacity is not sufficient to meet the next highest present value bidder's capacity requirements for Firm service, that next highest bidder has the option of declining the remaining capacity. PetroLogistics will

then offer the remaining capacity to the next highest bidder, until all the remaining capacity is allocated.

- (e) Should the next highest present value bid in Section 2.6(c) above be submitted by two or more Shippers (e.g., tied bids) and there is insufficient remaining capacity available to serve such Shippers, then capacity will be allocated to Shippers on a pro rata basis.
- (f) Execution of agreements. A Shipper allocated service in an open season shall be required to execute Service Agreement(s) for Firm service pursuant to the requirements of Section 2 of these General Terms and Conditions, including the creditworthiness requirements.
- (g) PetroLogistics will accept requests for Firm service for any available capacity remaining after an open season. The remaining capacity shall be allocated on a first-come, first-served basis. That is, the first Shipper offering to pay a rate for service that PetroLogistics finds acceptable shall be allocated capacity.

2.7 Allocation of Available Capacity. Capacity will be allocated to the bid producing the highest Net Present Value ("NPV"), using the methodology set forth by PetroLogistics, at the time capacity is made available, and which also meets all terms and conditions specified by PetroLogistics as set forth in any open season documents provided to Potential Shipper by PetroLogistics, if applicable.

2.8 Priority of Service. In all instances, Firm service will have a superior priority to Interruptible service.

- (a) In the event that PetroLogistics must restrict Firm service, such service will be restricted on a pro rata basis based on each Shipper's applicable Maximum Storage Quantity. In the event that such action must be taken, PetroLogistics will notify Shipper via facsimile.
- (b) Interruptible storage service will be restricted based on price, where Shippers paying the highest price receive the highest priority.
- (c) Should two or more Interruptible Shippers have the same priority, capacity will be allocated to each Shipper on a pro rata basis.

2.9 Prior to the expiration of the term of a Part 284 Service Agreement and prior to PetroLogistics' posting the availability of capacity under PetroLogistics' right of first refusal provisions, if applicable, PetroLogistics and Shipper may mutually agree to an extension of the term of the Service Agreement (the exact length of which is to be negotiated on a case-by-case basis, in a not unduly discriminatory manner).

2.10 PetroLogistics shall not be required to perform the requested service in the event all facilities necessary to render the requested service do not exist at the time the request for service is submitted to PetroLogistics.

2.11 No request for Service from a Point of Receipt or to a Point of Delivery shall be granted if to do so would impair PetroLogistics' ability to render Services pursuant to PetroLogistics' Rate Schedule FSS.

2.12 PetroLogistics shall not be required to provide any requested Service under any Rate Schedule which would require construction or acquisition by PetroLogistics of new facilities or expansion of existing facilities provided, however, that PetroLogistics and Shipper may enter into an agreement for service that would require the construction, modification, expansion or acquisition of any of the PetroLogistics existing facilities or any additional facilities..

2.13 Complaints. In the event that a Shipper or Potential Shipper has a complaint relative to a particular Service(s), Shipper or Potential Shipper shall provide a verbal description of the complaint, to be followed in writing, including the identification of the service request (if applicable), and communicate it to:

PetroLogistics Natural Gas Storage LLC  
Two Houston Center  
909 Fannin Street, Suite 2630  
Houston, TX 77010

PetroLogistics shall respond orally within forty-eight (48) hours and in writing within thirty (30) Days of receipt of the complaint advising Shipper or Potential Shipper of the disposition of the complaint. In the event the required date of PetroLogistics' response falls on a Saturday, Sunday or a holiday that affects PetroLogistics, PetroLogistics shall respond by the next Business Day.

### **3. POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY**

3.1 Point(s) of Receipt. Shipper shall tender all gas for wheeling or injection into storage to PetroLogistics at the Point(s) of Receipt located on PetroLogistics' system in Iberville Parish, Louisiana as specified in Shipper's Service Agreement. The quantity of gas tendered by Shipper to PetroLogistics for wheeling or injection into storage shall (i) not exceed at each Point of Receipt the MDTQ or MDRQ as applicable, for such Point of Receipt in effect from time to time, or (ii) not to exceed the MDIQ or MDBQ plus the applicable Fuel Reimbursement at all Point(s) of Receipt in effect from time to time, without the written consent of PetroLogistics.

3.2 Point(s) of Delivery. PetroLogistics shall tender all gas to be wheeled or withdrawn from storage to Shipper at the Point(s) of Delivery located on PetroLogistics' system located in Iberville Parish, Louisiana as specified in Shipper's Service Agreement. The quantity of gas delivered to Shipper shall (i) not exceed at each Point of Delivery the MDTQ, MDBQ or MDDQ, as applicable, for such Point in effect from time to time, or (ii) not exceed the MDWQ at all Point(s) of Delivery in effect from time to time, without the written consent of PetroLogistics.

3.3 Transportation Guidelines. The Transporter(s)' rules, guidelines, operational procedures and policies, as they may be changed from time to time, shall define and control the manner in which gas is delivered and received at the Point(s) of Delivery and Point(s) of Receipt. PetroLogistics and Shipper each agree to provide to the other, in as prompt a manner as reasonable, all information necessary to permit scheduling pursuant to such requirements. In addition, PetroLogistics will not be required to begin wheeling, injections or withdrawals for a Shipper's account unless and until the data required for nominations, provided for in Section 6, have been confirmed by the applicable Transporter to PetroLogistics' gas dispatcher.

3.4 Transportation Imbalances. In the event that PetroLogistics or Shipper delivers or causes to be delivered to Transporter at the Point(s) of Receipt or Point(s) of Delivery a quantity of gas not equal to the quantity of gas received or taken by Shipper or PetroLogistics, a "Transportation Imbalance" may occur. Provided that PetroLogistics has taken or delivered the quantity of gas nominated by Shipper and scheduled by Transporter, Shipper shall be liable for all imbalances under its transportation agreement with Transporter. Upon notification by Shipper or Transporter that a Transportation Imbalance exists because PetroLogistics failed to deliver or receive the quantity of gas nominated by Shipper and scheduled by Transporter, PetroLogistics will endeavor to correct the Transportation Imbalance subject to any restrictions imposed by Transporter, but PetroLogistics shall be solely responsible and liable for any charges, penalties, costs and expenses incurred or payable by either Party as a result of the Transportation Imbalance except to the extent that the Transportation Imbalance was caused by an event of Force Majeure. Shipper agrees to use its best efforts to prevent or diminish any occurrences of imbalances.

3.5 Measurement. Shipper and PetroLogistics agree that the quantity of gas delivered hereunder shall be measured by PetroLogistics in accordance with Transporter's pipeline tariff, and, as such, may be allowed to fluctuate within the applicable measurement or flow tolerances on a daily and monthly basis.

3.6 Costs and Penalties. Shipper shall hold PetroLogistics harmless for all costs and penalties which may be assessed by Transporter under Shipper's transportation agreement with Transporter, unless the costs and penalties are due to the negligence of PetroLogistics. Shipper and PetroLogistics shall cooperate with each other and with Transporter to verify delivery and receipt of the volumes of gas delivered hereunder on a timely basis.

3.7 Downstream and Upstream Transportation. Shipper shall be responsible for transportation from the Point(s) of Delivery located on PetroLogistics' system and payment of all transportation charges relating thereto. Shipper shall be responsible for transportation to the Point(s) of Receipt located on PetroLogistics' system and payment of all transportation charges relating thereto.

#### **4. STORAGE OPERATIONS**

4.1 Shipper shall tender or cause to be tendered to PetroLogistics at the Point(s) of Receipt located on its system any gas which Shipper desires to have injected into storage plus applicable Fuel Reimbursement volumes. Shipper shall also receive or cause to be received gas requested to be withdrawn from storage at the Point(s) of Delivery located on PetroLogistics' system.

4.2 Subject to the operating conditions of the delivering or receiving pipelines, PetroLogistics shall receive gas for injection from Shipper at the Point(s) of Receipt located on its system and deliver gas to Shipper at the Point(s) of Delivery located on its system as scheduled by Shipper from time to time; provided that PetroLogistics shall not be obligated to receive for injection any quantity of gas if the injection of the same would cause the quantity of gas stored for Shipper's account to exceed Shipper's MSQ; nor shall PetroLogistics be obligated at any time to deliver more gas to Shipper than Shipper has stored in its Storage Inventory, Park Balance and/or Loan Balance, as applicable.

4.3 Due to certain limitations of PetroLogistics' Facilities, PetroLogistics shall not be obligated to receive, at any Point of Receipt for injection, or deliver, at any Point of Delivery, any quantity of gas when the quantity of gas tendered for delivery to PetroLogistics or requested by Shipper to be delivered, together with all other quantities of gas tendered for delivery to PetroLogistics at any such Point of Receipt or requested for delivery at such Point of Delivery, results in a net metered flow which is less than or equal to 5,000 Dth per Day.

4.4 In the event that batch flowing nominated volumes of less than 5,000 Dth per Day is deemed operationally impractical by Transporter or PetroLogistics, and should PetroLogistics receive nominations for the injection or withdrawal of gas, which after aggregation with other nominations commencing at the same time and same meter, results in a net metered volume less than or equal to 5,000 Dth per Day, PetroLogistics will attempt, but shall not be required, to schedule such nominations. However, if any single or combination of nominations is scheduled such that the aggregated nominated volumes result in a net metered volume less than or equal to 5,000 Dth per Day, all nominations may be curtailed on a pro rata basis such that the net metered volume will be zero. PetroLogistics will verbally notify the affected Shipper(s) within four (4) hours of being notified of changes to nominations which would result in curtailment as provided herein.

## **5. WHEELING OPERATIONS**

5.1 Shipper shall tender or cause to be tendered to PetroLogistics at the Point(s) of Receipt located on its system any gas which Shipper desires to have wheeled plus applicable Fuel Reimbursement volumes. Shipper shall also receive or cause to be received gas requested to be wheeled at the Point(s) of Delivery located on PetroLogistics' system.

5.2 Due to certain limitations of PetroLogistics' facilities, PetroLogistics shall not be obligated to receive, at any Point of Receipt located on its system for wheeling, or deliver, at any Point of Delivery located on its system, any quantity of gas when the quantity of gas tendered for delivery to PetroLogistics or requested by Shipper to be delivered, together with all other volumes of gas tendered for delivery to PetroLogistics at any such Point of Receipt or requested for delivery at such Point of Delivery, results in a net metered flow which is less than or equal to 5,000 Dth per Day.

5.3 In the event that batch flowing nominated volumes of less than 5,000 Dth per Day is deemed operationally impractical by Transporter or PetroLogistics, and should PetroLogistics receive nominations for the injection or withdrawal of gas, which after aggregation with other nominations commencing at the same time and same meter, results in a net metered volume less than or equal to 5,000 Dth per Day, PetroLogistics will attempt, but shall not be required, to schedule such nominations. However, if any single or combination of nominations is scheduled such that the aggregated nominated volumes result in a net metered volume less than or equal to 5,000 Dth per Day, all nominations may be curtailed on a pro rata basis such that the net metered volume will be zero. PetroLogistics will verbally notify the affected Shipper(s) within four (4) hours of being notified of changes to nominations which would result in curtailment as provided herein.

## 6. NOMINATIONS AND SCHEDULING

6.1 During any Day when Shipper desires PetroLogistics to inject, withdraw, or wheel gas, Shipper shall submit a nomination to PetroLogistics via facsimile, email, or other agreed-upon method that includes, but is not limited to, the following information: quantity, flow period, upstream transportation contract number(s), downstream transportation contract number(s), Shipper name and Service Agreement number, and Shipper's authorized employee name and telephone number. All nominations shall be based on a daily quantity, stated in Dth/day, and shall include Shipper defined begin dates and end dates.

All nominations, excluding intra-day nominations, have rollover options. Specifically, Shippers have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of Shipper's contract. Overrun quantities should be requested on a separate transaction. All nominations shall be considered original nominations and shall be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected.

6.2 Shipper Scheduling of Upstream and Downstream Transportation. Shipper shall be solely responsible for making all arrangements and paying for the transportation of the gas to the Point of Delivery for injection into the Facility and for making all arrangements and paying for the transportation of gas from the Point(s) of Delivery for gas withdrawn from the Facility. PetroLogistics shall have an obligation to inject gas for Shipper, or to withdraw gas for Shipper, only to the extent that the upstream or downstream Transporter confirms the transport of equivalent quantities, as the case may be.

6.3 PetroLogistics will accept nominations for service as follows:

- (a) Next Day Service. The nomination timeline on the day prior to gas flow shall be the following:
  - 11:30 a.m. Nominations leave control of Shipper party
  - 11:45 a.m. Receipt of nominations by PetroLogistics (including from Title Transfer Tracking Service Providers ("TTTSP"))
  - 12:00 p.m. PetroLogistics sends quick response for validity of data elements
  - 3:30 p.m. Completed confirmations from upstream and downstream connected parties provided to PetroLogistics
  - 4:30 p.m. Receipt of scheduled quantities by Shipper and point operator (central clock time on the day prior to flow).The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline.
- (b) Elapsed-Prorated-Schedule Quantity. With respect to intra-day nominations for reductions in previously scheduled quantities, PetroLogistics may accept any explicitly confirmed quantity, down to and including zero, for such intra-day nomination; provided, however, if such intra-day nomination requires confirmation from an upstream and/or downstream interconnected pipeline, then any intra-day nomination to reduce previously scheduled quantities will be subject to, and limited to, the reduced quantity confirmed by such upstream and/or downstream interconnected pipeline.
- (c) Nominations will be processed for scheduling in the order in which they were received, by priority level as described in Section 7 of the General Terms and Conditions of this FERC Gas Tariff. Nominations received after the nomination deadline should be scheduled after the nominations received before the nomination deadline.

- (d) Notices provided under this Section 6.3 must be submitted in writing via facsimile, email or other agreed-upon method. Shipper shall provide notice of any changes in deliveries to or receipt from PetroLogistics to all Transporters and shall be responsible for, and shall hold PetroLogistics harmless from, any and all liabilities and expense resulting from any such changes.
- (e) Minimum NAESB Nomination Standards. Nominations shall be submitted and processed in accordance with the minimum standards set forth in this Section 6.3(e). PetroLogistics shall support the following standard nomination cycles:
- (1) Timely Nomination Cycle: 11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by PetroLogistics (including from TTTSP); 12:00 p.m. to send Quick Response; 3:30 p.m. for receipt of completed confirmations by transporter from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by Shipper and point operator (central clock time on the day prior to flow). The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the Party receiving the request who has the right to waive the deadline.
  - (2) Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by PetroLogistics (including from TTTSPs); 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by PetroLogistics from upstream and downstream connected parties; 10:00 p.m. for PetroLogistics to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped Parties (notice to bumped Parties), (central clock time on the day prior to flow). Scheduled quantities resulting from an Evening Nomination that does not cause another Shipper to receive notice that it is being bumped should be effective at 9:00 a.m. on gas Day; and when Evening Nomination causes another Shipper to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on gas Day.
  - (3) Intraday 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by PetroLogistics (including from TTTSPs); 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by PetroLogistics from upstream and downstream connected parties; 2:00 p.m. for PetroLogistics to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped Parties (notice to bumped parties), (central clock time on the day prior to flow). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on gas Day.
  - (4) Intraday 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by PetroLogistics (including from TTTSPs); 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by transporter from upstream and downstream connected parties; 9:00 p.m. for PetroLogistics to provide scheduled quantities to affected Shippers and point operators (notice to bumped) (central clock time on the day prior to flow). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on gas Day. Bumping is not allowed during Intraday 2 Nomination Cycle.
  - (5) For purposes of Section 6.3(e)(2), (3), and (4) above, "provide" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (f) For intra-day nominations, PetroLogistics will conform to the provisions established by Shipper's Transporter, including hourly nomination deadlines.
  - (1) Except as stated above in 6.3(e), intra-day nominations for Firm Storage Service will be given priority over scheduled and flowing Interruptible Storage Service.
  - (2) Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if the intra-day nomination modifies an existing nomination.
- (g) Upon confirmation from Shipper's Transporter, PetroLogistics will commence injection or withdrawal for Shipper's account.
- (h) Nominations received after the nomination deadline will be scheduled after the nominations received before the nomination deadline.
- (i) Shipper shall be responsible for all penalties and charges assessed by an upstream or downstream Transporter which arise from Shipper's failure to provide delivery of the gas quantities provided.
- (j) A Replacement Shipper may submit a nomination at the earliest nomination opportunity after PetroLogistics has been notified of the capacity release.
- (k) Routine Maintenance. PetroLogistics shall have the right to interrupt or discontinue service in whole or in part, from time to time to perform routine repair and maintenance on PetroLogistics' system as necessary to maintain the operational capability of PetroLogistics' Facility or to comply with applicable regulatory requirements. PetroLogistics shall exercise due diligence to schedule routine repair and maintenance so as to minimize disruptions of service to Shippers and shall provide reasonable notice of the same to Shippers.

6.4 Shipper shall make available and tender any gas to be injected or wheeled hereunder and receive and accept delivery, upon tender by PetroLogistics, any gas requested to be withdrawn from storage or wheeled. The quantity of gas stored for the account of Shipper shall be increased or decreased upon injection or withdrawal of gas from storage, as applicable. Shipper shall not (unless otherwise agreed by PetroLogistics) receive or deliver gas, nor shall PetroLogistics be obligated to receive gas or deliver gas on an hourly basis at rates of flow in excess of 1/24 of Shipper's MDRQ or MDDQ, respectively. As determined by PetroLogistics in its sole and reasonable judgment, flow rates above 1/24 of Shipper's MDRQ or MDDQ may be permitted.

## 7. PRIORITY, INTERRUPTION OF SERVICE AND OPERATIONAL FLOW ORDERS

7.1 Priority of Service. Any Shipper executing a Service Agreement with PetroLogistics shall be entitled to the storage, parking, loaning, wheeling, imbalance trading or balancing of gas in the following order of declining priority:

- (a) Firm Storage Service ("FSS") at primary Point(s) of Receipt, not in excess of MDRQ, or primary Point(s) of Delivery, not in excess of MDDQ, located on PetroLogistics' system.
- (b) FSS at secondary Point(s) of Receipt or Delivery located on PetroLogistics' system, not to exceed Shipper's MDIQ or MDWQ; FSS at primary Point(s) of Receipt located in PetroLogistics' system, in excess of MDRQ but less than or equal to MDIQ, and FSS at primary Point(s) of Delivery located on PetroLogistics' system, in excess of MDDQ but less than or equal to MDWQ.
- (c) Make-up volumes to correct prior variances between : (i) Shipper and PetroLogistics under a balancing agreement, (ii) Shipper and PetroLogistics, and (iii) Shipper and an upstream Transporter if the variance was due to PetroLogistics' failure to receive or deliver Shipper's scheduled volumes.
- (d) Interruptible services, including authorized overrun service, excess injection or excess withdrawal under Rate Schedules FSS, parking, loaning, wheeling, imbalance trading, and/or balancing service pursuant to Section 7.2 below.

If a capacity constraint is anticipated or planned (e.g. for system maintenance), PetroLogistics shall post notice of the anticipated constraint on its Web Site in advance of the start of the constraint period.

7.2 Interruptible Service. Interruptible service obligations and extensions of the service shall have priority as follows:

- (a) The order of priority relating to service requests for Authorized Overrun Service, Excess Injection Gas and Excess Withdrawal Gas and for service under Rate Schedules IPS, ILS, IWS, IBTS, and IBS shall be based on the net revenue to PetroLogistics as applicable, agreed to by PetroLogistics and Shipper under such Rate Schedule, with the transaction generating the highest net revenue to PetroLogistics given highest priority.
- (b) Should two or more Interruptible Shippers have the same priority, capacity will be allocated to each Shipper on a pro rata basis.

7.3 Interruptions.

- (a) If, on any Day, PetroLogistics' capability to receive or deliver quantities of gas is impaired so that PetroLogistics is unable to receive or deliver all scheduled quantities, then interruption of service shall be made in the reverse order of priority set forth in Section 7.1. Volumes in each category will be interrupted on a pro rata basis, except that Interruptible service will be interrupted based on the charges paid by Shipper, with the transaction with the lowest net revenue to PetroLogistics being interrupted first. Any ties shall be interrupted on a pro rata basis.
- (b) PetroLogistics shall provide Shipper as much advance notice of interruption as is practicable under the circumstances. Such notice shall be made by telephone, facsimile, e-mail via the Internet Web Site, or other agreed-upon method, as appropriate, and shall state the reduced quantities of gas that PetroLogistics estimates it will be able to park, loan, wheel, store, inject, withdraw, receive or deliver, as applicable, and the estimated duration of the interruption.

- (c) If the interruption is required, PetroLogistics and Shipper shall cooperate to the extent possible in making adjustments to receipt, deliveries, injections or withdrawals to minimize injury to any property or facilities.
- (d) PetroLogistics shall not be liable for any loss or damage to any person or property caused, in whole or in part, by any interruption of service.

#### 7.4 Operational Flow Orders

- (a) PetroLogistics shall have the right to issue Operational Flow Orders ("OFO") that require actions by Shippers in order to (i) alleviate conditions that threaten to impair reliable service; (ii) maintain operations at the pressure required to provide efficient and reliable services; (iii) have adequate gas supplies in the system to deliver on demand; (iv) maintain service to all firm Shippers and for all firm services; and (v) maintain the system in balance for the foregoing purposes. PetroLogistics shall lift any effective OFO, promptly upon the cessation of operating conditions that caused the relevant system problem.
- (b) To the extent reasonably practical, PetroLogistics shall take all reasonable actions necessary to avoid issuing an OFO. Such actions shall include, in order of priority, (i) working with point operators to temporarily adjust receipts and/or deliveries at relevant Point(s) of Receipt or Delivery, (ii) working with Shippers and point operators to adjust scheduled flows on the system, or (iii) taking any other reasonable action designed to mitigate the system problem. After taking all reasonable actions to avoid issuing an OFO, PetroLogistics shall have the right to issue an OFO, if necessary, in the circumstances described in Section 7.4(a).
- (c) Preliminary Notice. PetroLogistics shall provide, via posting on its Web Site or other agreed-upon method and directly to affected parties, prior notice to all Shippers and point operators of upcoming system events, such as anticipated weather patterns and operational problems that may necessitate the issuance of an OFO and provide actions that Shippers may take to avoid issuance of an OFO.
- (d) Applicability of OFO. PetroLogistics shall make an OFO as localized as is reasonably practicable based on PetroLogistics' good faith and reasonable judgment concerning the situations requiring remediation, such that an OFO will be directed first to Shippers and point operators causing the problem requiring an OFO and second, if necessary, to all other Shippers and point operators. PetroLogistics will tailor the OFO to match the severity of the known or anticipated operation problem requiring remediation as more fully set forth in Section 7.4(f). The declaration to the affected parties of OFO shall describe the conditions and the specific responses required from the affected parties.
- (e) Notice. OFOs will be issued via telephone to be followed by facsimile to the affected Shipper(s) or point operator(s), with subsequent posting on the Web Site, and notice to affected parties, as established in their Service Agreements. PetroLogistics shall also provide such notification via e-mail communication to those Shippers and point operators that have provided e-mail address information for at least one contact person and have requested, via PetroLogistics' Web Site, e-mail notification of critical notices issued by PetroLogistics. The OFO will set forth (i) the time and date of issuance; (ii) the actions Shipper or point operator is required to take; (iii) the time by which Shipper or point operator must be in compliance with the OFO; (iv) the anticipated duration of the OFO; (v) the status of operational variables that determine when an OFO will begin and end; and (vi) any other terms that PetroLogistics may reasonably require to ensure the effectiveness of the OFO. PetroLogistics shall promptly post periodic updates of such information upon occurrence of any material change in information, including when an

OFO will be lifted. PetroLogistics will also post the factors that caused the OFO to be issued, then lifted, to the extent such factors are known.

- (f) Unilateral Action. In the event Shipper(s) or point operator(s) does not comply with an OFO or the actions thereunder are insufficient to correct the system problem, or there is insufficient time to carry out the OFO procedures, PetroLogistics may take unilateral action, including the curtailment of Firm service, to maintain the operational integrity of PetroLogistics' system. For purposes of this section, the operational integrity of PetroLogistics' system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity, and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas to be delivered.
- (g) Termination of OFO. PetroLogistics shall lift any effective OFO promptly upon the cessation of operating conditions that caused the relevant system problem. After PetroLogistics has lifted the OFO, PetroLogistics shall post a notice on its Web Site specifying the factors that caused the OFO to be issued and then lifted, to the extent such factors are known. PetroLogistics shall also provide such notification via e-mail communication to those Shippers who have submitted a request, and provided e-mail address information for at least one contact person, via PetroLogistics' Web Site to receive e-mail notification of critical notices issued by PetroLogistics.
- (h) Penalties. All quantities tendered to PetroLogistics and/or taken by Shipper on a daily basis in violation of an OFO shall constitute unauthorized receipts or deliveries for which the applicable OFO penalty charge stated below shall be assessed; provided, however, that to the extent Shipper is required to make a nomination pursuant to an OFO unless critical circumstances dictate otherwise, no penalty will be assessed unless Shipper is given notice and a reasonable period of time to correct the circumstances giving rise to the OFO.
  - (1) OFO penalty charge for each Dth of gas by which Shipper deviated from the requirements of the OFO equal to an OFO Index Price calculated as three (3) times the applicable daily Gas Daily posting for the Transporter on whose pipeline the deviation occurred for the Day on which the deviation occurred, multiplied by the quantity by which Shipper deviated from the requirements of the OFO.
  - (2) Any penalty revenue collected by PetroLogistics pursuant to this Section 7.4(h) shall be credited to those Firm and Interruptible Shippers that did not incur the OFO pursuant to this Section 7.4 in the Month for which the OFO penalty revenues were received ("Non-Offending Shippers"), based on the ratio of the total charges paid during that Month by the Non-Offending Shipper to the sum of the total charges paid during that Month by all Non-Offending Shippers. Such credits shall be calculated for each Month of the twelve (12) month period ending July 31 of each year and will be included on the Non-Offending Shipper's invoice for the Month following the date of the final Commission order approving PetroLogistics' penalty disbursement report; provided, however, that PetroLogistics will calculate and include such credits on Non-Offending Shipper's invoices for a period shorter than twelve months in the event and to the extent that the total accumulated amount of OFO penalty revenue collected pursuant to this Section 7.4(h) by PetroLogistics as of the end of any Month exceeds \$1,000,000. PetroLogistics will file a penalty disbursement report within sixty (60) days of July 31 or sixty (60) days after the end of the Month for which the revenue collected exceeds \$1,000,000. Any penalty revenue credited to Non-Offending Shippers pursuant to this Section shall include

interest calculated in accordance with Section 154.501(d) of the Commission's regulations.

- (i) **Liability.** PetroLogistics shall not be liable for any costs incurred by any Shipper or point operator in complying with an OFO. Nor shall PetroLogistics be responsible for any damages resulting from any interruption in service that is a result of a Shipper's or point operator's failure to comply promptly and fully with an OFO, and the non-complying Shipper or point operator shall indemnify PetroLogistics against any claims of responsibility; provided, however, that to the extent Shipper is required to make a nomination pursuant to an OFO unless critical circumstances dictate otherwise, no penalty will be assessed unless Shipper is given notice and a reasonable period of time to correct the circumstances giving rise to the OFO; and provided further, PetroLogistics shall use reasonable efforts to minimize any such costs or damages.

## 8. CAPACITY RELEASE

Any Shipper under Rate Schedule FSS may seek to release for assignment to others any or all of its Firm service entitlements on a full day or an intraday basis, on a permanent or a temporary basis, and on a firm or recallable basis, subject to the following terms and conditions:

8.1 Notice of Offer. A Shipper offering to release Firm service entitlements shall notify PetroLogistics of the terms of its offer by the posting deadline as determined pursuant to Section 8.3 herein. PetroLogistics will post this information on its Internet Web Site. Shipper may propose a pre-arranged designated Replacement Shipper to which the capacity would be released. Offers shall be binding unless written or electronic notice of withdrawal is received by PetroLogistics prior to the close of the applicable bid period; provided, however, such withdrawal shall only be valid if such Shipper has an unanticipated requirement for such capacity and no minimum bid has been made. The notice must contain the reason for withdrawal which PetroLogistics shall post on the Internet Web Site. The offer shall contain the following minimum information:

- (a) Shipper's legal name and the name/title of individual who has authorized the offer to release;
- (b) PetroLogistics' Service Agreement number;
- (c) A description of the capacity to be released, including the MSQ, MDRQ, the MDDQ, the MDIQ, and the MDWQ and the associated Point(s) of Receipt and Point(s) of Delivery, subject to the proposed release, and subject to the daily quantity limitations described in Section 8.2 below;
- (d) The proposed effective date and term of the release;
- (e) The identity of any pre-arranged designated Replacement Shipper, a statement as to whether the pre-arranged Replacement Shipper is an asset manager (as defined by FERC Regulations at 18 C.F.R. § 284.8(h)(3)) or marketer participating in a state-regulated retail access program (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(4)), and the full terms of such pre-arranged release.
- (f) The method to be applied in evaluating bids, allocating capacity and breaking ties, as described in Section 8.3 below;
- (g) Whether, to what extent, and the conditions pursuant to which capacity will be subject to recall for a full day or a partial day; and if recallable, (i) whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day, and (ii) any reput methods and rights associated with returning the previously released capacity to the Replacement Shipper;
- (h) Whether bids on a volumetric rate basis may be submitted, and, if so, the method for evaluating any such bids, including how to rank bids if bids are also to be accepted on a demand charge basis and any other special conditions;
- (i) Whether contingent bids that extend beyond the bid period may be submitted, how to evaluate and prioritize such bids against non-contingent bids, and the terms and conditions under which, and/or for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder withdraw its bid;
- (j) Any extensions of the minimum posting/bid periods;

- (k) Whether Releasing Shipper desires to utilize the first-come, first-served option for short-term releases described in Section 8.3(a) below and any minimum terms applicable thereto;
- (l) Other special terms and conditions Releasing Shipper imposes on the release of its capacity, including, but not limited to, minimum rates, term and quantity;
- (m) Whether to specify dollars and cents or percents of maximum tariff rate in the denomination of bids. All transportation service providers should support this. Once the choice is made, the bids shall comport with the choice;
- (n) For purposes of bidding and awarding, the rates specified by the Releasing Shipper shall include a reservation rate and all demand surcharges, either as a total number or stated separately;
- (o) Whether the release is on a permanent or a temporary basis;
- (p) An e-mail address for the Releasing Shipper contact person. It is Shipper's responsibility to update e-mail address information provided to PetroLogistics as necessary;
- (q) The recall notification period(s), as identified in Section 8.13(e) below, that will be available for use by the parties; and
- (r) A detailed description of any storage inventory that must be transferred with the released capacity.

## 8.2 Intraday Release Quantity

The daily contractual entitlement that can be released by a Releasing Shipper for an intraday release is limited to the lesser of :

- (a) The quantity contained in the offer submitted by the Releasing Shipper; or
- (b) A quantity equal to 1/24th of the Releasing Shipper's MDIQ and MDWQ for the contract to be released multiplied by the number of hours between the effective time of the release and the end of the Day.

This allocated daily contractual entitlement shall be used for purposes of nominations, billing, and if applicable, any overrun calculations.

The MSQ that can be released by a Releasing Shipper for an intraday release is limited to a quantity not in excess of the Releasing Shipper's MSQ less the Releasing Shipper's Storage Inventory.

8.3 Posting and Bidding Timeline. For the Capacity Release business process timing model, only the following methodologies shall be supported by PetroLogistics and provided to Releasing Shippers as choices from which they may select and, once chosen, shall be used in determining the awards from the bid(s) submitted. They are: (i) highest rate, (ii) net revenue, and (iii) present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. At PetroLogistics' reasonable discretion, other choices of bid evaluation methodology (including other Releasing Shipper-defined evaluation methodologies) can be accorded similar timeline evaluation treatment. However, PetroLogistics is not required to offer other choices or similar timeline treatment for other choices. Further, PetroLogistics shall not be held to the timeline specified in Sections 8.3(a) and 8.3(b) below should the Releasing Shipper elect another method of evaluation; the timeline specified in Section 8.3(c) below shall apply. The proposed duration of Shipper's release determines the minimum bid period for Shipper's offer pursuant to this Section 8. The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only

applicable if (i) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered; (ii) for index-based capacity release transactions, the Releasing Shipper has provided PetroLogistics with sufficient instructions to evaluate the corresponding bid(s) according to the timeline; and (iii) there are no special terms or conditions of the release. Further, PetroLogistics may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by PetroLogistics).

The Capacity Release timeline is as follows:

(a) For biddable releases (1 year or less):

-Offers shall be tendered by 12:00 P.M. on a Business Day;

-Open season ends no later than 1:00 P.M. on a Business Day (evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bids is made, and ties are broken):

-Evaluation period ends and award posting if no match required at 2:00 P.M.;

-Match or award is communicated by 2:00 P.M.;

-Match response by 2:30 P.M.;

-Where match required, award posting by 3:00 P.M.;

-Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time).

(b) For biddable releases (more than 1 year):

-Offers should be tendered by 12:00 P.M. four Business Days before award;

-Open season ends no later than 1:00 P.M. on the Business Day before timely nominations are due (open season is three Business Days);

-Evaluation period begins at 1:00 P.M., during which contingency is eliminated, determination of best bid is made, and ties are broken;

-Evaluation period ends and award posting if no match required at 2:00 P.M.;

-Match or award is communicated by 2:00 P.M.;

-Match response by 2:30 P.M.;

-Where match required, award posting by 3:00 P.M.;

-Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time).

(c) For non-biddable releases:

Timely Cycle:

-Posting of prearranged deals not subject to bid are due by 10:30 A.M.;

-Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time).

Evening Cycle:

-Posting of prearranged deals not subject to bid are due by 5:00 P.M.;  
-Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time).

Intraday 1 Cycle:

-Posting of prearranged deals not subject to bid are due by 9:00 A.M.;  
-Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time).

Intraday 2 Cycle:

-Posting of prearranged deals not subject to bid are due by 4:00 P.M.;  
-Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time).

If Shipper specifies a bid evaluation methodology other than those stated in Section 8.3 or any special terms or conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Subsequent deadlines will be delayed by such additional Business Day, causing gas flow to occur at least one day later than under the standard timelines set forth in Sections 8.3(a) and 8.3(b).

For proposed capacity releases of a duration of thirty-one (31) days or less, to an asset manager (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(3)) or to a marketer participating in a state-regulated retail program (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(4)) are not required to be posted for bidding pursuant to Section 8.3. Nonetheless, Releasing Shipper may elect to post one of the foregoing releases for bidding pursuant to Section 8.3. Releasing Shipper shall notify PetroLogistics of the foregoing releases by providing the information pursuant to Section 8.1, which information will be posted on the Web Site as required by Section 8.5 in accordance with the abovetimelines.

Prior to the nomination deadline for the chosen cycle for the begin date specified in Shipper Notice, the Prearranged Shipper must initiate confirmation for prearranged deals electronically. PetroLogistics will issue a contract within one hour of notification of the release (with a new contract number, when applicable). Nominations for gas flow are possible beginning at the next available nomination cycle for the effective date of the contract. Such nominations will be processed in accordance with the nomination and scheduling requirements of Section 6 of the General Terms and Conditions; however, in no circumstance will gas flow prior to the effective date of the release as specified in Releasing Shipper's offer. If a release of capacity is exempt from bidding because it is for a term of thirty-one (31) days or less, a Releasing Shipper may not roll-over, extend, or in any way continue the release to the same Replacement Shipper using the thirty-one (31) days or less bidding exemption, unless the Releasing Shipper complies with the posting and bidding requirements of Section 8.3 or not less than twenty-eight (28) days have elapsed since the conclusion of the prior release period.

PetroLogistics shall post offers and bids, including pre-arranged deals, upon receipt, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, PetroLogistics shall support such request insofar as it comports with the standard timeline. A Releasing Shipper cannot specify an extension of the original bid period or the pre-arranged deal match period, without posting a new release.

8.4 Pre-arranged Releases. Releasing Shipper may designate an entity (a designated pre-arranged Replacement Shipper) to which it has agreed to release the capacity upon specified terms and conditions. Releasing Shipper's offer to release under such a pre-arranged transaction shall be subject to the prior posting and bidding procedures described in Sections 8.5 and 8.6, herein, with the pre-arranged Replacement Shipper being given a right to match the best bid submitted during the bid period; provided, however, if a pre-arranged transaction with a pre-arranged Replacement Shipper is for a period of thirty-one (31) days or less, to an asset manager (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(3)) or to a marketer participating in a state-regulated retail program (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(4)), the Releasing Shipper shall provide notice to PetroLogistics in accordance with this Section and may implement the release without complying with such prior posting and bidding procedures. Notices of such exempted releases shall be posted on the Web Site in accordance with Section 8.3 herein.

8.5 Posting. Following receipt of a notice of offer to release capacity which satisfies the requirements set forth in this Section, PetroLogistics will post such information on its Web Site in accordance with the timeline set forth in Section 8.3 herein. A Releasing Shipper may request a later posting time for posting of such offer, and PetroLogistics will support such request insofar as it comports with the standard capacity release timeline set forth in Section 8.3 herein. PetroLogistics shall also post offers to purchase capacity from those who desire current Shippers to release capacity upon receipt of the applicable information as set forth in this Section.

8.6 Bidding and Selection of Replacement Shipper. All bids must contain the applicable information required in this Section. If Releasing Shipper desires to solicit bids for releases of 31 days or less, to an asset manager (as defined in 18 C.F.R. 284.8(h)(3)) or to a marketer participating in a state-regulated retail access program (as defined in 18 C.F.R. 284.8(h)(4)), it may direct PetroLogistics to post notice of the availability of such capacity and, in lieu of permitting bids during the otherwise applicable posting period, award the capacity to the bidder which submits first in time a valid bid meeting any minimum terms specified by the Releasing Shipper. Any bid submitted by a Replacement Shipper shall include an e-mail address for at least one contact person, and it is Shipper's responsibility to update e-mail address information provided to PetroLogistics, as necessary. A bidder may not have more than one eligible bid for the same release offer at any time. Bids shall be binding until written or electronic notice of withdrawal is received by PetroLogistics before the end of the bid period. Bids cannot be withdrawn after the bid period ends. Once a bid is withdrawn, that bidder may only submit a new bid pursuant to that release offer if it is at a higher rate than the withdrawn bid. PetroLogistics shall evaluate the bids in accordance with the provisions of this section and determine the best bid in accordance with the timelines set forth in Section 8.3 herein. PetroLogistics shall not award capacity release offers to the Replacement Shipper until and unless the Replacement Shipper meets PetroLogistics' creditworthiness requirements applicable to all services that it receives from PetroLogistics, including the service represented by the capacity release. Further, PetroLogistics shall not award capacity release offers to the Replacement Shipper until and unless it is reasonable to do so and PetroLogistics' lenders agree to so discharge the capacity. PetroLogistics shall notify Releasing Shipper, the best bidder, and any prearranged designated Replacement Shipper of such determination in accordance with the timelines set forth in Section 8.3 herein. If there is a pre-arranged designated Replacement Shipper, it may exercise its right to match such best bid by providing written notice of such exercise to PetroLogistics and Releasing Shipper in accordance with the timelines set forth in Section 8.3 herein. After the Replacement Shipper is selected, PetroLogistics will finalize an appropriate Addendum to the Capacity Release Umbrella Agreement in the form contained in this FERC Gas Tariff. PetroLogistics will provide a copy of this Addendum to the Replacement Shipper via facsimile, at which time the Replacement Shipper will have the same rights and obligations as any other existing Shipper on PetroLogistics' system. Following implementation of the release, PetroLogistics shall post notice of the winning bidder on the Internet Web Site.

8.7 Best Bid. When PetroLogistics makes awards of capacity for which there have been multiple bids meeting minimum conditions, PetroLogistics shall award the bids, best bid first, until all offered capacity is awarded. The capacity being awarded represents the MDIQ, MDWQ, or MSQ. These quantities are separate parts of the capacity and are awarded until one of the quantities is fully awarded, at which point all capacity is deemed to be fully awarded. PetroLogistics shall evaluate and determine the best bid among those otherwise consistent with any terms and conditions specified by the Releasing Shipper as follows:

- (a) PetroLogistics shall apply the standard or criteria for such determination specified by the Releasing Shipper, including the standard to be used for breaking ties. Any standard or

criteria so specified must be objective, economic, not unduly discriminatory, not contrary to applicable provisions of this FERC Gas Tariff, applicable to all potential Replacement Shippers and require PetroLogistics in applying such standard to exercise no more than a ministerial function. The Releasing Shipper shall indemnify and hold PetroLogistics harmless from and against all demands, losses, claims, expenses, causes of action and/or damages suffered or incurred by PetroLogistics arising out of or related to any determination of a "best bid" pursuant to a standard specified, supplied, approved or provided by Releasing Shipper.

- (b) In default of Releasing Shipper specifying a bid evaluation standard, PetroLogistics shall determine the bid or bids generating the highest net present value, using a 10% discount factor, based on the rate bid (reservation or demand component), the applicable quantity(ies) and term or period bid upon. In default of Releasing Shipper specifying a method to break ties priority will be given first to the bid with the shortest term, and next to the bid submitted first in time.

8.8 Qualification of Prospective Replacement Shipper. A prospective Replacement Shipper must be on PetroLogistics' approved bidders list before bids may be posted on the Internet Web Site, must satisfy all requirements of the applicable Rate Schedule and the General Terms and Conditions of this FERC Gas Tariff and must have executed a Capacity Release Umbrella Agreement. To be on the approved bidders list, the prospective Replacement Shipper must satisfy PetroLogistics' credit requirements as outlined in Section 2.3 of the General Terms and Conditions, and provide PetroLogistics any information required by Section 2.3 of the General Terms and Conditions. Such credit appraisal shall be reevaluated and updated every three (3) months. The prospective Replacement Shipper shall remain on the approved bidders list until such prospective Replacement Shipper (i) notifies PetroLogistics to the contrary, (ii) no longer meets the credit qualifications established in Section 2.3 of the General Terms and Conditions, or (iii) is suspended from the approved bidders list in the event, and for such time as, such Replacement or Prearranged Shipper fails to pay part or all of the amount of any bill for service in accordance with Section 13 of the General Terms and Conditions. PetroLogistics will apply its creditworthiness criteria to assess the submission. On a not unduly discriminatory basis, PetroLogistics will permit Replacement Shippers not satisfying the creditworthiness requirements to submit bids, if the Releasing Shipper provides PetroLogistics with a guarantee or other form of credit assurance in form and substance satisfactory to PetroLogistics of all financial obligations of the Replacement Shipper with respect to the capacity being released by Releasing Shipper prior to the commencement of service to the Replacement Shipper.

8.9 Nominations. Following its selection, and prior to the flow of gas, the Replacement Shipper shall be permitted to submit nominations pursuant to the terms and conditions of the applicable Rate Schedule and the General Terms and Conditions of this FERC Gas Tariff.

8.10 Billing. The Replacement Shipper shall be billed and make payments to PetroLogistics in accordance with the applicable Rate Schedule, other provisions of this FERC Gas Tariff and of its service agreement incorporating its bid terms. In accordance with the terms of the release, the Replacement Shipper shall pay or be liable for the maximum usage charges (plus all applicable surcharges, Fuel Reimbursement, taxes, penalties, etc.) applicable under the relevant Rate Schedule attributable to its usage of the released capacity and for any reservation charges ) plus all applicable surcharges applicable thereto) agreed upon under the terms of the release. PetroLogistics shall continue to bill the Releasing Shipper all applicable charges under its existing Service Agreement, excluding usage charges (plus all applicable surcharges, Fuel Reimbursement, taxes, penalties, etc.) billed to the Replacement Shipper and attributable to its usage of the released capacity. Invoices sent to the Releasing Shipper shall reflect a credit equal to any reservation charges (plus all surcharges applicable thereto) being billed to the Replacement Shipper for the released capacity rights, or as otherwise agreed. If the Replacement Shipper fails to pay when due all or part of the amounts credited to the Releasing Shipper, PetroLogistics shall pursue payment from the Replacement Shipper by notifying such Shipper by registered letter, return receipt requested, that it has five (5) Days from receipt of such letter to pay the amount due including any applicable interest. If the Replacement Shipper fails to pay such amount by the end of the fifth Day, PetroLogistics shall reverse the credit and bill the Releasing Shipper for such past due amounts, plus applicable interest.

8.11 Rights and Obligations of the Parties.

- (a) The Service Agreement between the Releasing Shipper and PetroLogistics shall remain in full force and effect with the Releasing Shipper to receive a credit to its invoice as described in Section 8.10 above. If the Replacement Shipper fails to pay all or part of the amounts credited to the Releasing Shipper after the five day notification period specified in Section 8.10, PetroLogistics shall reverse the credit and bill the Releasing Shipper for such past due amounts, plus applicable interest. The Service Agreement executed by the Replacement Shipper shall be fully effective and enforceable by and against the Replacement Shipper. The Replacement Shipper may also release capacity pursuant to this Section, and in such event and for such purposes, shall be considered the Releasing Shipper.
- (b) PetroLogistics shall accept nominations, schedule service, afford priority of service and interrupt service based on instructions and communications from the Releasing Shipper and the Replacement Shipper which are consistent with one another and with the terms and conditions of PetroLogistics' FERC Gas Tariff and their respective Service Agreements. In the event that instructions or nominations from the Releasing Shipper and Replacement Shipper are, in PetroLogistics' opinion, inconsistent or conflicting, PetroLogistics shall comply with the instructions of the Releasing Shipper; provided, however, that such instructions must not be inconsistent with PetroLogistics' FERC Gas Tariff or the terms of either the Releasing Shipper's or Replacement Shipper's service agreement. The Releasing Shipper will indemnify PetroLogistics against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by PetroLogistics in reliance upon the Releasing Shipper's nominations and instructions and will hold PetroLogistics harmless for any action taken by PetroLogistics in reliance upon the nominations and scheduling instructions of the Replacement Shipper; provided, however, that the Releasing Shipper shall not be liable for the Replacement Shipper's failure to pay the usage charges (plus all applicable surcharges, Fuel Reimbursement, taxes, penalties, etc.) billed to the Replacement Shipper and attributable to its usage of the released capacity. The Replacement Shipper will indemnify PetroLogistics against any claim or suit by the Releasing Shipper, its successors or assigns, arising from any action taken by PetroLogistics in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold PetroLogistics harmless for any actions taken by PetroLogistics in reliance upon the instructions of the Releasing Shipper.

8.12 Marketing Fee. If PetroLogistics and the Releasing Shipper so agree, PetroLogistics may receive a negotiated fee for its marketing efforts.

8.13 Limitations.

- (a) Releases hereunder shall be for period(s) of one or more Day(s) and the maximum term shall not extend beyond the expiration of this FERC Gas Tariff provision or beyond the expiration of the Releasing Shipper's Service Agreement.
- (b) PetroLogistics may invalidate any offer to release or any bid subsequent to its posting on the Internet Web Site which does not conform to the requirements of this Section and the other provisions of this FERC Gas Tariff and such invalidated offer or bid shall be deemed null and void.
- (c) Any terms and conditions imposed on the offer to release by the Releasing Shipper as provided for in this Section must be objectively stated, reasonable, capable of administration or implementation by PetroLogistics without any material increase in burden or expense, applicable to all potential bidders, not unduly discriminatory, and consistent with the terms and conditions of this FERC Gas Tariff and Releasing Shipper's Service Agreement.

- (d) A Releasing Shipper may re-release to the same Replacement Shipper for a term of 31 days or less if: (i) a period of 28 days has elapsed after the first release for 31 days or less has expired; (ii) the Point(s) of Receipt and/or Point(s) of Delivery for the re-release is different from the Point(s) of Receipt and/or Point(s) of Delivery of the first release; or (iii) the Releasing Shipper causes the posting of an offer to release capacity or of a pre-arranged transaction to be made, and capacity is allocated on the basis of bids submitted.
- (e) Recall Provisions. If the Releasing Shipper retains recall rights, Releasing Shipper's offer to release capacity shall clearly specify the conditions precedent to such recall and whether the recall right retained by Releasing Shipper is on a full day or partial day basis.

The Releasing Shipper shall provide capacity recall notification to PetroLogistics via the facsimile, e-mail, or other agreed-upon method. The recall notification shall specify the recall notification period for the specified effective Day, as well as any other information needed to uniquely identify the capacity being recalled. Recalled capacity notices shall indicate whether penalties will apply for the gas day for which quantities are reduced due to capacity recall.

PetroLogistics shall support the following recall notification periods for all released capacity subject to recall rights:

(1) Timely Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to PetroLogistics and the first Replacement Shipper no later than 8:00 A.M. CT on the day that Timely Nominations are due;
- (B) PetroLogistics shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 A.M. CT on the day that Timely Nominations are due;

(2) Early Evening Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to PetroLogistics and the first Replacement Shipper no later than 3:00 P.M. CT on the day that Evening Nominations are due;
- (B) PetroLogistics shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 P.M. CT on the day that Evening Nominations are due;

(3) Evening Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to PetroLogistics and the first Replacement Shipper no later than 5:00 P.M. CT on the day that Evening Nominations are due;
- (B) PetroLogistics shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 P.M. CT on the day that Evening Nominations are due;

(4) Intraday 1 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to PetroLogistics and the first Replacement Shipper no later than 7:00 A.M. CT on the day that Intraday 1 Nominations are due;

(B) PetroLogistics shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 A.M. CT on the day that Intraday 1 Nominations are due; and

(5) Intraday 2 Recall Notification:

(A) A Releasing Shipper recalling capacity should provide notice of such recall to PetroLogistics and the first Replacement Shipper no later than 2:30 P.M. CT on the day that Intraday 2 Nominations are due;

(B) PetroLogistics shall provide notification of such recall to all affected Replacement Shippers no later than 3:30 P.M. CT on the day that Intraday 2 Nominations are due.

For recall notification provided to PetroLogistics prior to the recall notification deadline specified above and received between 7:00 A.M. CT and 5:00 P.M. CT, PetroLogistics shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to PetroLogistics after 5:00 P.M. CT and prior to 7:00 A.M. CT, PetroLogistics shall provide notification to all affected Replacement Shippers no later than 8:00 A.M. CT after receipt of such recall notification.

PetroLogistics' notices of recalled capacity to all affected Replacement Shippers shall be provided via the Internet Web Site, along with written notice via e-mail communication to those Replacement Shipper contact person(s) identified in the Replacement Shipper's bid submitted pursuant to Section 8.6 of these General Terms and Conditions. Such notices shall contain the information required to uniquely identify the capacity being recalled, and shall indicate whether penalties will apply for the gas Day for which quantities are reduced due to a capacity recall. Upon receipt of notification of the recall from PetroLogistics, each affected Replacement Shipper shall revise its nominations within the applicable nomination cycle in order to implement the recall. Each affected Replacement Shipper will be solely responsible for adjusting its supply and transportation arrangements, which may be necessary as a result of such recall. Replacement Shippers involved in re-release transactions may receive notice slightly after the first Replacement Shipper receives notice. The recalling Releasing Shipper may nominate the recalled capacity consistent with the applicable nomination cycle, as defined in Section 6.3 of these General Terms and Conditions.

(f) Partial Day Recall Quantity. The daily contractual entitlement that can be recalled by a Releasing Shipper for a partial day recall is a quantity equal to the lesser of:

(1) The quantity specified in the Releasing Shipper's notice to recall capacity; or

(2) The difference between the quantity released by the Releasing Shipper and the Elapsed Prorata Capacity.

In the recall notification provided to PetroLogistics by the Releasing Shipper, the quantity to be recalled shall be expressed in terms of the adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. In the event of an intra-day capacity recall, PetroLogistics shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity. Variations to use of Elapsed Prorata Capacity may be necessary to reflect the nature of PetroLogistics' tariff, services, and/ or operational characteristics.

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original

released quantity less the recalled capacity that is adjusted based upon the Elapsed Prorata Capacity or other PetroLogistics' tariff specific variations of the Elapsed Prorata Capacity in accordance with NAESB WGQ Standard No. 5.3.56. This allocated daily contractual quantity shall be used for purposes of nominations, billing, and, if applicable, for overrun calculations. As a result of the allocation of capacity described in this section, PetroLogistics shall not be obligated to deliver a combined quantity to the Releasing Shipper and the Replacement Shipper(s) that is in excess of the total daily contract quantity of the release.

The Releasing Shipper shall exercise and administer such recall rights and PetroLogistics may rely on the Releasing Shipper's notice and instructions. Releasing Shipper shall indemnify and hold PetroLogistics harmless from and against all demands, losses, causes of action, expenses and/or damages resulting from or relating to Releasing Shipper's exercise of its recall rights and PetroLogistics' compliance therewith including claims by the affected Replacement Shippers.

- (g) Reput Provisions. PetroLogistics shall support the function of reputting by the Releasing Shipper. The Releasing Shipper may reput previously recalled capacity to the Replacement Shipper pursuant to the reput rights and methods identified in the Releasing Shipper's notice to release capacity, as required by Section 8.1(g). When capacity is recalled, such capacity may not be reput for the same gas Day. The deadline for the Releasing Shipper to notify PetroLogistics of a reput of capacity is 8:00 A.M. CT to allow the Replacement Shipper to submit timely nominations for gas to flow on the next gas Day.
- (h) Following the awarding of capacity to a Replacement Shipper in accordance with the procedures provided in this section, the Releasing Shipper's rights and PetroLogistics' obligations under the Releasing Shipper's Service Agreement shall be modified and subject to the capacity rights released and assigned to the Replacement Shipper for the term of such release. Effecting a release pursuant to the provisions of this section shall constitute Releasing Shipper's consent and agreement to such amendment or modification of its existing Service Agreement.
- (i) The offer to release by a Shipper under Rate Schedule FSS must specify the quantities of MDDQ, MDRQ, MSQ, MDIQ, MDWQ or rights offered, and actually available on the effective date of the assignment, and the exercise of which rights, in conjunction with Releasing Shipper's exercise of its retained rights, will not violate any maximum or minimum quantity requirements or limitations applicable under the Rate Schedule or the respective Service Agreements. Releasing Shipper shall be responsible for ensuring, if applicable, whether by the withdrawal or transfer-in-place of a portion of its Storage Inventory or otherwise as required, that such storage capacity, and the corresponding ability to inject/withdraw gas up to the MSQ released, in accordance with the terms and conditions of the Rate Schedule and within the time remaining in the injection and/or withdrawal period, as applicable, shall be available upon the commencement of the release. A Replacement Shipper under Rate Schedule FSS shall be responsible for arranging transportation to and from Point(s) of Receipt and Point(s) of Delivery consistent with its rights and obligations under its Service Agreement and Rate Schedule FSS. The Replacement Shipper under Rate Schedule FSS must comply with all obligations imposed under such Rate Schedule and its rights to store, withdraw and/or inject gas will be subject to the provisions thereof. If the Releasing Shipper proposes to, or requires a transfer-in-place of the portion of its Storage Inventory in conjunction with its release of storage capacity rights, it shall so specify in its offer to release and such transfer shall be implemented contemporaneously with the release subject to compliance with the provisions of Section 17 of these General Terms and Conditions. The Replacement Shipper must withdraw the portion of its Maximum Storage Quantity by the end of the term of the release. In lieu of withdrawing the portion of its Storage Inventory,

the Replacement Shipper can also attempt to effect a transfer of the portion of its Storage Inventory to another storage service Shipper as provided in Section 17 of these General Terms and Conditions. If the Replacement Shipper fails to withdraw or transfer the portion of its Storage Inventory by the end of the term of its release, title to the portion of Shipper's remaining Storage Inventory will be vested, at no cost, in the Releasing Shipper which released its capacity to the Replacement Shipper on a temporary basis.

8.14 PetroLogistics' Rights to Terminate Temporary Capacity Releases.

- (a) In the event of a temporary release for which (i) PetroLogistics has given notice of termination of the Releasing Shipper's contract because the Releasing Shipper no longer satisfies PetroLogistics' credit requirements as outlined in Section 2.3(d) of these General Terms and Conditions and (ii) the reservation charge specified in the effective Addendum to the Replacement or Prearranged Shipper's Capacity Release Umbrella Agreement is less than the level of the reservation charge which the Releasing Shipper was obligated to pay PetroLogistics, then PetroLogistics shall be entitled to terminate the Addendum, upon 30 Days' written notice to the Replacement or Prearranged Shipper, unless the Replacement or Prearranged Shipper agrees prior to the end of said 30-Day notice period to pay for the remainder of the term of the Addendum either (a) the reservation and commodity charges at levels which the Releasing Shipper was obligated to pay PetroLogistics, or (b) such rate as mutually agreed to by PetroLogistics and Replacement or Prearranged Shipper. Shipper may elect to pay the lesser of the two foregoing options. PetroLogistics' right to terminate the Addendum is subject to PetroLogistics providing written notice of termination to the Replacement or Prearranged Shipper within 60 Days of the determination by PetroLogistics that the Releasing Shipper no longer satisfies PetroLogistics' credit requirements. Termination of the Addendum shall not occur prior to termination of the Releasing Shipper's contract.
- (b) In the event that a Shipper has received 30 Days' notice of termination of the Addendum to Shipper's Capacity Release Umbrella Agreement pursuant to Section 8 above for storage service and there is gas in storage for Shipper's account at the end of such 30-Day period, the Addendum shall continue in force and effect for the sole purpose of withdrawal of said gas by Shipper until Shipper's Storage Inventory is zero. PetroLogistics shall require Shipper to withdraw each day a quantity equal to the MDWQ, or such other lesser quantity acceptable to PetroLogistics. The requirement to withdraw storage quantities shall be suspended on any day to the extent that PetroLogistics cannot accommodate a nomination to withdraw such storage quantities on such day. Shipper may also transfer title of gas remaining in Shipper's Storage Inventory to another Shipper pursuant to Section 17 of PetroLogistics' General Terms and Conditions. In the event Shipper fails to withdraw its entire Storage Inventory within the time required by this Section, PetroLogistics shall auction any remaining Storage Inventory and credit the proceeds of such sale to Shipper, net of withdrawal charges and fuel, if applicable. Shipper shall indemnify PetroLogistics and hold it harmless from all costs, damages, and liabilities arising out of the failure of Shipper to remove such Storage Inventory and the disposal of such Storage Inventory by sale by PetroLogistics. When the gas is purchased at auction, Shipper purchasing the gas must provide identification of the existing storage service agreement with PetroLogistics under which Shipper shall store all such gas purchased. Shipper purchasing the gas agrees to pay the applicable storage rate on the gas purchased beginning on the date the bid was accepted at auction.

8.15 Notices to Releasing Shippers. PetroLogistics shall provide the original Releasing Shipper with e-mail notification reasonably proximate in time with any of the following formal notices given by PetroLogistics to the Releasing Shipper's Replacement Shipper(s), of the following:

- (1) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to PetroLogistics' tariff;

- (2) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
- (3) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and
- (4) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to PetroLogistics' tariff.

8.16 Permanent Capacity Releases. To the extent that any Shipper desires to release all or any part of its firm rights under an open-access Rate Schedule on a permanent basis, the procedures specified in this Section 8.16 shall apply. In addition, the Replacement Shipper that will acquire the capacity from Shipper must provide the credit information required by Section 2.3 herein. For any permanent capacity release, the minimum bid acceptable to PetroLogistics shall be a bid for the remainder of the term of Shipper's Service Agreement at the rate(s) Shipper is obligated to pay PetroLogistics for the capacity to be permanently released. In the event there is a request for a permanent release of Shipper's capacity, PetroLogistics will agree to discharge the Releasing Shipper of liability, on a prospective basis, in whole or in part, provided, the Replacement Shipper meets the minimum acceptable credit standard set forth in Section 2.3(b)(1) of these General Terms and Conditions. PetroLogistics may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by PetroLogistics, PetroLogistics shall notify Shipper via e-mail and shall include in the notification the reasons for such denial.

## 9. QUALITY

9.1 Specifications. The gas delivered by either party to the other hereunder shall meet the quality specifications of the Transporter having the then-current most stringent quality specifications which receives or delivers such gas at the Point(s) of Receipt or Point(s) of Delivery located on PetroLogistics' system, as applicable, and, unless such Transporter's quality specifications are more stringent, shall be of such quality that it shall meet at least the following specifications:

- (a) Be commercially free from objectionable odors, dirt, dust, iron particles, gums, gum-forming constituents, gasoline, PCBs, and other solid and/or liquid matter, including but not limited to water, gas treating chemicals and well completion fluids and debris, which may become separated from the gas during the transportation thereof.
- (b) Contain not more than one fourth (1/4) of one grain of hydrogen sulphide per one hundred (100) cubic feet, as determined by the cadmium sulfate quantitative test, nor more than twenty (20) grains of total sulphur per one hundred (100) cubic feet.
- (c) The gas delivered hereunder shall not contain more than two-tenths of one percent (0.2%) by volume of oxygen, shall not contain more than three percent (3%) by volume of carbon dioxide, shall not contain more than three (3%) by volume of nitrogen, and shall not contain a combined total of carbon dioxide and nitrogen components of more than four percent (4%) by volume.
- (d) Have a heating value of not less than nine hundred and sixty-seven (967) Btus per cubic feet and not more than eleven hundred (1100) Btus per cubic feet.
- (e) Have a temperature of not more than one hundred twenty degrees Fahrenheit (120 degrees F), nor less than forty degrees Fahrenheit (40 degrees F).
- (f) Have been dehydrated by the tendering party, by any method other than the use of a calcium chloride as desiccant, for removal of entrained water in excess of seven (7) pounds of water per million (1,000,000) cubic feet of gas as determined by dew-point apparatus approved by the Bureau of Mines, or such other apparatus as may be mutually agreed upon.

9.2 Rejection of Gas. Either party shall be entitled to reject any gas tendered to it by the other party which does not meet the minimum specifications of Section 9.1 hereunder. Acceptance of such gas does not constitute any waiver of PetroLogistics' right to refuse to accept similarly nonconforming gas. Shipper shall be liable for and indemnify PetroLogistics against and reimburse PetroLogistics for all losses, damages and liabilities of any nature incurred by PetroLogistics and rising from Shipper's tender of natural gas at the Point(s) of Receipt not in conformance with the above specifications. PetroLogistics shall be liable for and indemnify Shipper against and reimburse Shipper for all losses, damages and liabilities of any nature incurred by Shipper and rising from PetroLogistics' tender of natural gas at the Point(s) of Deliver located on PetroLogistics' system not in conformance with the above specifications.

## **10. GAS PRESSURE AND INJECTION/WITHDRAWAL RATES**

10.1 Delivery Pressure. PetroLogistics shall deliver gas to Shipper at pressures sufficient to enter the Transporter's facilities at the Point(s) of Delivery located on PetroLogistics' system against the operating pressures maintained by Transporter(s). PetroLogistics shall not be required to deliver gas at pressures in excess of or below those required by Transporter(s) or in excess of Transporter(s) maximum allowable operating pressure (MAOP), not to exceed 1,000 psig. Shipper shall deliver or cause to be delivered to PetroLogistics all gas for wheeling, parking or injection at the Point(s) of Receipt located on PetroLogistics' system at pressures not less than 800 psig and not in excess of the MAOP of PetroLogistics' facilities at the Point(s) of Receipt. PetroLogistics shall be responsible for maintaining facilities at such Point(s) of Receipt to permit Shipper to deliver gas to PetroLogistics at such allowed pressures.

10.2 Receipt and Delivery Rates. PetroLogistics has designed the facilities required to wheel, store, inject and withdraw gas based on "normal" operating pressures maintained by the Transporter(s) at the Point(s) of Receipt/Delivery located on PetroLogistics' system with allowances for reasonable fluctuations. In the event that conditions on the Transporter's system vary substantially from this "normal" design condition coincident with high levels of Shipper receipt or delivery activity, PetroLogistics' capability to receive or deliver the quantities set forth in its Service Agreements may be impaired, resulting in an interruption in service. If this happens, capacity will be allocated pursuant to Section 7 of the General Terms and Conditions of this FERC Gas Tariff. Shipper agrees to indemnify and hold PetroLogistics harmless for any loss caused by any such interruption in service.

10.3 If PetroLogistics and Shipper mutually agree, PetroLogistics may commit to maximum and minimum receipt and delivery pressure levels to Shipper on a not unduly discriminatory basis. PetroLogistics will not agree to a maximum or minimum receipt or delivery pressure that will render it unable to meet its existing firm obligations and, upon request, will provide a written explanation to the Shipper explaining the operational basis for rejecting any request for a maximum or minimum pressure.

## 11. MEASUREMENT

11.1 The unit of measurement for the purpose of all quantities of gas wheeled or stored or delivered to and received from storage hereunder shall be one (1) Dth. The unit of volume for the purpose of measurement shall be one (1) cubic foot of gas at the base temperature of sixty degrees Fahrenheit (60 degrees F) and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch and dry. All fundamental constants, observations, records, and procedures involved in determining and/or verifying the quantity and other characteristics of gas delivered hereunder shall, unless otherwise specified herein, be in accordance with the standards prescribed in Report No. 3 of the American Gas Association, as now and from time to time amended or supplemented. All measurements of gas shall be determined by calculation into terms of such unit. All quantities given herein, unless expressly stated otherwise, are terms of such unit. Notwithstanding the foregoing, it is agreed that, for all purposes, the Btu content of the gas received and delivered by PetroLogistics hereunder shall be measured on "dry" basis rather than a fully saturated or "wet" basis. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, fifteen degrees Celsius (15 degrees C), and dry.

11.2 PetroLogistics shall install, maintain and operate, or cause to be installed, maintained and operated, the measurement facilities required hereunder. Said measurement facilities shall be so equipped with orifice meters, recording gauges, or other types of meters of standard make and design commonly acceptable in the industry, as to accomplish the accurate measurement of gas delivered hereunder. The retrieval of data, calibrating and adjustment of meters shall be done by PetroLogistics or its agent.

11.3 Reservoir Pressure. PetroLogistics and Shipper acknowledge that the pressure that exists in the underground reservoir ("Reservoir Pressure") that comprises a part of the Facility will vary as a function of the total volume of gas that resides therein from time to time. The Reservoir Pressure, in turn, will affect the total volume of gas that can be injected into or withdrawn from the Facility at any given point in time. Accordingly, PetroLogistics reserves the right at all times to adjust the MDIQ and/or MDWQ (and, if applicable, the MHIQ and/or MHWQ) specified in the Service Agreement to reflect varying Reservoir Pressures, which adjustments ("Contract Quantity Adjustment") may have the effect of increasing or decreasing from time to time the otherwise applicable MDIQ and/or MDWQ (and, if applicable, the MHIQ and/or MHWQ); provided however that (i) no such Contract Quantity Adjustment shall become effective until the later of (A) three (3) Business Days after the receipt by Shipper of written notice from PetroLogistics advising Shipper of such Contract Quantity Adjustment or (B) the date upon which such Contract Quantity Adjustment is to become effective, as specified by PetroLogistics in such notice and (ii) for any given consecutive 12-Month period of the term of the Service Agreement (or the entire term of the Service Agreement, if such term is for a period of less than 12 Months), the aggregate of all Contract Quantity Adjustments occurring during such 12-Month period shall not have the effect of reducing the average MDIQ and MDWQ (and, if applicable, the MHIQ and MHWQ) in effect during such 12-Month period below the otherwise applicable MDIQ and MDWQ (and, if applicable, the MHIQ and MHWQ).

## **12. TITLE AND RISK OF LOSS**

12.1 Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of gas for wheeling, storage or injection hereunder either good title or the right to have gas transported or stored. Shipper warrants for itself, its successors and assigns, that the gas delivered hereunder shall be free and clear of all liens, encumbrances, or claims whatsoever; and that it will indemnify PetroLogistics and save it harmless from all claims whatsoever; and that it will indemnify PetroLogistics and save it harmless from all claims, suits, actions, damages, costs and expenses arising directly or indirectly from or with respect to the title and/or right to gas tendered to PetroLogistics hereunder.

12.2 As between Shipper and PetroLogistics: Shipper shall be in control and possession of the gas prior to delivery to PetroLogistics for wheeling, parking, storage or injection at the Point(s) of Receipt located on PetroLogistics' system and after delivery by PetroLogistics to Shipper at the Point(s) of Delivery located on PetroLogistics' system and shall indemnify and hold PetroLogistics harmless from any damage or injury caused thereby. PetroLogistics shall be in control and possession of the gas after the receipt of the same at the Point(s) of Receipt and until delivery by PetroLogistics to Shipper at the Point(s) of Delivery and shall indemnify and hold Shipper harmless from any damage or injury caused thereby, except for damages and injuries caused by the sole negligence of Shipper. The risk of loss for all gas wheeled, injected into, parked, loaned or stored in and withdrawn from storage shall remain with Shipper, and PetroLogistics shall not be liable to Shipper for any loss of gas, except as may be occasioned due to the intentional or negligent acts or omissions by PetroLogistics or failure of PetroLogistics to exercise reasonable care. Any losses of gas, unless due to the intentional or negligent act or negligent act or omissions of PetroLogistics or failure of PetroLogistics to exercise reasonable care, shall be shared proportionally by all Shippers, based on each Shipper's Storage Inventory, Park Balance/Loan Balance, as applicable.

### 13. BILLING AND PAYMENTS

13.1 Invoice. PetroLogistics shall render to Shipper (including a Replacement Shipper), on or before the tenth (10th) Day of each Month, an invoice and any required backup data (which may be transmitted by facsimile) setting forth (i) the charges due for the current Month; (ii) the total quantity of gas, stated in Dth, received from and delivered to Shipper hereunder during the preceding Month(s), with applicable Point(s) of Receipt and Point(s) of Delivery properly identified, and the amount due therefor; and, if applicable, (iii) the amount of Shipper's gas in storage as of the close of the preceding Month and information sufficient to explain and support any adjustments made by PetroLogistics in determining the amount billed. Such invoice shall be submitted, and shall be considered duly delivered, to Shipper by mailing such invoice to Shipper by regular U.S. mail or other agreed-upon method. If actual quantities are not available by the tenth (10th) Business Day of the Month, PetroLogistics may invoice based on best available data subject to adjustment to actuals at a later date. Quantities at points where OBAs exist shall be invoiced based on scheduled quantities.

13.2 Application of Payments for Released Capacity. Payments to PetroLogistics by a Replacement Shipper for released capacity shall be applied as follows: (i) PetroLogistics shall retain amounts equal to the Replacement Shipper's usage charges; (ii) PetroLogistics will credit the balance to Reservation Charges due from the Replacement Shipper; and (iii) PetroLogistics shall remit the remaining balance, if any, or shall charge any balance due, to the Replacement Shipper, in accordance with Section 8.10 of the General Terms and Conditions of this FERC Gas Tariff. If any balance due from the Replacement Shipper remains unpaid, the outstanding balance will then be billed to the Releasing Shipper, provided that the Releasing Shipper is only liable to the extent of its Reservation Charges.

13.3 Payment. Unless otherwise agreed, Shipper shall pay by wire transfer in immediately available funds to PetroLogistics the full amount reflected on the invoice within ten (10) days of the date of the invoice. If the tenth (10th) Day shall fall upon a weekend or legal holiday, then such payment shall be made on the first regular Business Day following the due date. Party making payment should submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date.

13.4 Billing Adjustments. If an error is discovered in any billing, such error shall be adjusted within 30 Days of the determination thereof. If a dispute arises as to the amount payable in any invoice rendered hereunder, Shipper shall nevertheless pay when due the amount not in dispute under such invoice. Such payment shall not be deemed to be a waiver of the right by Shipper to recoup any overpayment, nor shall acceptance of any payment be deemed to be a waiver by PetroLogistics to recoup any underpayment. In the event Shipper fails to forward the entire undisputed amount due to PetroLogistics when the same is due, interest on the unpaid portion shall accrue at the same rate of interest and in the same manner as prescribed for pipeline refunds as set forth in Section 154.501(d) of the Commission's regulations under the Natural Gas Act from the date such payment is due until the same is paid. If Shipper's failure to pay the undisputed portion of any invoice rendered hereunder continues beyond thirty (30) Days after the due date of such invoice, then PetroLogistics, in addition to all other legal remedies available to it, shall have the right and option to suspend further deliveries on gas until such default shall have been cured. If Shipper fails to pay the undisputed portion of any invoice, then PetroLogistics, in addition to all other legal remedies available to it, shall have the right and option to terminate service hereunder.

13.5 Billing Disputes. If Shipper withholds payment of any disputed amount as authorized herein, Shipper shall within ten (10) Days after the due date of the disputed invoice submit to PetroLogistics a written explanation of the dispute and any available supporting documentation. The parties shall then cooperate in good faith to resolve such dispute as expeditiously as possible, and the portion, if any, of such disputed amount eventually determined to be due shall bear interest at the rate stated in Section 13.4 above from the original due date until the date actually paid.

13.6 Right to Audit. Both PetroLogistics and Shipper shall have the right at their own expense to examine and audit at any reasonable time the books, records (including measurement, billing and payment) and charts of the other to the extent necessary to verify the accuracy of any statements or charges made under or

pursuant to any of the provisions of Shipper's Service Agreement. Upon request, Shipper shall also make available to PetroLogistics for audit purposes and relevant records of Transporters to which Shipper has access. A formal audit of accounts shall not be made more often than once each Contract Year. Any inaccuracy will be promptly corrected when discovered; provided, however, that neither PetroLogistics nor Shipper shall be required to maintain books, records or charts for a period of more than two (2) Contract Years following the end of the Contract Year to which they are applicable. Neither PetroLogistics nor Shipper shall have any right to question or contest any charge or credit if the matter is not called to the attention of the other in writing within two (2) Contract Years after the end of the Contract Year in question.

13.7 Taxes. If at any time PetroLogistics is required to remit any taxes assessed on the gas pursuant to Shipper's Service Agreement, then PetroLogistics shall have the right to collect from Shipper such taxes, including penalties and interest. Shipper agrees to reimburse PetroLogistics for the taxes assessed on the gas, including any penalties and interest, within fifteen (15) Days of the date of invoice from PetroLogistics. Shipper shall furnish PetroLogistics information, satisfactory to PetroLogistics, to enable PetroLogistics to comply with any reports required by state or federal government and agencies. Shipper recognizes that PetroLogistics may be required to file federal and state tax returns, and Shipper agrees to furnish PetroLogistics with adequate information pertaining to the taxation on the gas. Shipper shall coordinate such filings with PetroLogistics.

## **14. FUEL REIMBURSEMENT**

14.1 Categories of Fuel Usage. The two general categories of fuel usage are: (1) Direct Fuel Usage, consisting of (a) compression fuel, (b) dehydration fuel, or (c) line heating fuel, if applicable; and (2) Indirect Fuel Usage, consisting of fuel that is consumed on site to (a) generate electricity, (b) heat facility (if any), or (c) fuel PetroLogistics vehicles and lost and unaccounted for volumes to the extent required for the operation and maintenance of PetroLogistics' gas storage facilities.

14.2 Fuel Retention. Fuel Retention shall be calculated separately for storage services, wheeling, balancing, parking, and loaning under Rate Schedules FSS, ISS, IWS, IPS, ILS, IBTS and IBS. Each Fuel Retention charge shall be negotiated by PetroLogistics and Shipper such that reimbursement of fuel may be paid in kind or in dollars per Dth, as set forth in Shipper's Service Agreement(s).

14.3 Storage Losses. Storage Losses shall be calculated separately for storage services under Rate Schedules FSS and ISS. Each Storage Losses charge shall be negotiated by PetroLogistics and Shipper such that reimbursement may be paid in kind or in dollars per Dth, as set forth in Shipper's Service Agreement(s).

14.4 Electric Power Costs for Compression. Shipper shall reimburse PetroLogistics for the costs of electric power compression. This charge shall be negotiated by PetroLogistics and Shipper and set forth in Shipper's Service Agreement(s).

## 15. FORCE MAJEURE

15.1 Notwithstanding anything herein to the contrary, if either PetroLogistics or Shipper is prevented, wholly or in part, by Force Majeure from performing its obligations hereunder, it is agreed that performance of the respective obligations of the Parties hereto, so far as they are affected by Force Majeure, shall be suspended from the inception of any such inability until it is corrected but for no longer period. The Party claiming such inability shall give notice thereof to the other Party as soon as practicable after the occurrence of the Force Majeure. If such notice is first given by telephone or electronic communication, it shall be confirmed within 30 Days, in writing, which, for PetroLogistics, may be accomplished through posting on its Informational Postings website, or by fax giving full particulars. The Party claiming such inability shall promptly correct such inability to the extent it may be corrected through the exercise of reasonable diligence. Notwithstanding anything herein to the contrary, the Parties agree that changes in economic or market conditions that make performance more economically burdensome do not constitute Force Majeure events.

15.2 The term "Force Majeure" as employed herein shall mean acts of God, governmental action, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lighting, earthquakes, fires, hurricanes, tornadoes, storms, storm warnings, floods, washouts, freezes, arrests and restraints of governments and people, civil disturbances, acts of sabotage, explosions, breakage of, accidents to, or mechanical failure of machinery, equipment, lines of pipe or subsurface storage caverns regardless of how caused, failure of any transporter(s) to receive or take any volumes of Gas tendered for receipt or delivery at the Point(s) of Receipt or Delivery hereunder, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the Party claiming suspension (including, but not limited to, acts of negligence or willful misconduct of third parties, whether or not under the control, employ or supervision of the Party claiming suspension) and which by the exercise of reasonable due diligence such party is unable to prevent or overcome. Such term shall likewise include: (a) in those instances where either Party hereto is required to obtain servitudes, rights-of-way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such Party to acquire, or delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses; and (b) in those instances where either Party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental agency to enable such Party to fulfill its obligations hereunder, the inability of such Party, at reasonable cost and after the exercise of reasonable diligence, to furnish such materials and supplies or to secure such permits and permissions.

15.3 The settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and the requirement in Section 15.2 above that any Force Majeure event shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of any opposing party when such course is inadvisable in the discretion of the party having the difficulty.

15.4 Neither PetroLogistics nor Shipper shall be liable to the other for any losses or damages, regardless of the nature thereof and howsoever occurring, whether such losses or damages be direct or indirect, immediate or remote, by reason of, caused by, arising out of, or in any way attributable to the suspension of performance of any obligation of either party when such suspension occurs because a party is rendered unable, wholly or in part, by Force Majeure to perform its obligations.

15.5 In the event that PetroLogistics declares Force Majeure that results in a suspension of service for 15 consecutive days or more, Shipper shall be relieved of its payment and/or demand charges for such period of suspension.

## **16. NORTH AMERICAN ENERGY STANDARDS BOARD ("NAESB") STANDARDS**

16.1 PetroLogistics has adopted all of the Business Practices and Electronic Communications Standards which are required by the Commission in 18 CFR § 284.12(a), as amended from time to time, in accordance with Order No. 587, et al. In addition to the NAESB WGQ Standards referenced elsewhere in the Tariff, PetroLogistics specifically incorporates by reference the following NAESB WGQ Version 1.9 Standards, Definitions, and Data Sets, by reference:

### **Additional Standards:**

#### **General:**

Standards:  
0.3.1, 0.3.2, 0.3.16, 0.3.17

#### **Creditworthiness:**

Standards:  
0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

#### **Gas/Electric Operational Communications:**

Definitions:  
0.2.1, 0.2.2, 0.2.3

Standards:  
0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

#### **Storage Information:**

Data Sets:  
0.4.1

#### **Nominations Related Standards:**

Definitions:  
1.2.1, 1.2.2, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:  
1.3.1, 1.3.2(vi), 1.3.3, 1.3.4, 1.3.7, 1.3.9, 1.3.11, 1.3.13, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80

Data Sets:  
1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

#### **Flowing Gas Related Standards:**

Definitions:  
2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65

**Data Sets:**

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16, 2.4.17, 2.4.18

**Invoicing Related Standards:**

**Definition:**

3.2.1

**Standards:**

3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.15, 3.3.16, 3.3.18, 3.3.20, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26

**Data Sets:**

3.4.1, 3.4.2, 3.4.4

**Quadrant Electronic Delivery Mechanism Related Standards:**

**Definitions:**

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

**Standards:**

4.3.1, 4.3.2, 4.3.3, 4.3.5, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, , 4.3.38, 4.3.39, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99

**Capacity Release Related Standards:**

**Definitions:**

5.2.2, 5.2.3, 5.2.4, 5.2.5

**Standards:**

5.3.5, 5.3.7, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.17, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.2.23, 5.3.26, 5.3.28, 5.3.30, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.43, 5.3.46, 5.3.47, 5.3.50, 5.3.51, 5.3.52, 5.3.57, 5.1.59, 5.3.61, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69

**Data Sets:**

5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.18, 5.4.19, 5.4.20, 5.4.21, 5.4.22, 5.4.23

**Internet Electronic Transport Related Standards:**

**Definitions:**

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13,

10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38

**Standards:**

10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27

## 17. GAS TITLE TRANSFERS

### 17.1 Title Transfers of Gas in Storage:

- (a) A Shipper that has executed a Service Agreement under Rate Schedules FSS, ISS, IPS or ILS may sell Storage Inventory to any other Shipper that has executed a Service Agreement under Rate Schedules FSS, ISS, IPS, and ILS if:
  - (1) Shipper selling Storage Inventory provides notification to PetroLogistics' dispatcher prior to the nomination deadline and PetroLogistics with written verification of the transfer within three (3) Business Days;
  - (2) The purchase does not cause Shipper to exceed its MSQ, Maximum Park Quantity or Maximum Loan Quantity, as applicable, and as specified in Shipper's Service Agreement or Exhibit B of Shipper's Hub Services Agreement, as applicable, or cause either Shipper's balance to go below zero;
- (b) PetroLogistics will recognize the transfer for purposes of computing available Storage Inventory on a prospective basis within 24 hours after receiving the notification. In the event the required written verification is not received, the transfer will no longer be recognized and the Storage Inventory for each Shipper will be restated to reflect the reversal of the transfer.
- (c) For each title transfer of gas in storage performed by Shipper under this Section, Shipper shall pay the gas title transfer rate set forth in Exhibit A of Shipper's FSS or ISS Service Agreement.

### 17.2 Title Transfers of Gas

- (a) Transfers of title between Shippers and/or Service Agreements under which gas is wheeled on PetroLogistics' system may be permitted by PetroLogistics at Point(s) of Receipt and Point(s) of Delivery located on PetroLogistics' system on an interruptible basis.
- (b) Requests for such transfers shall be made in accordance with the nomination procedures set forth in Section 6, Nominations and Scheduling, of the General Terms and Conditions herein. PetroLogistics shall not unreasonably withhold approval of such transfers.
- (c) For each title transfer nominated by Shipper under Section 17 herein, Shipper shall pay the gas title transfer rate set forth in Shipper's Service Agreement.

## **18. PENALTIES**

18.1 A Shipper shall be liable for and shall be required to reimburse PetroLogistics for all penalties, charges and fees which PetroLogistics is required to pay to Transporter(s) as a consequence of Shipper's actions. The recovery of such penalty amounts shall be on an as-billed basis.

18.2 In addition to the payment of the penalties set forth in Section 18 herein, the responsible Shipper shall also be liable for, and shall reimburse PetroLogistics for all costs incurred by PetroLogistics as a consequence of such Shipper's actions.

18.3 PetroLogistics shall credit the actual penalty revenues, net of PetroLogistics' costs related to the penalty event, received by PetroLogistics from Shippers in any calendar year, by invoice credit to all Shippers who did not incur penalty charges in the month for which such revenues were received. Such credits shall be made on a pro rata basis based on a Shipper's total reservation and usage charges paid each month. Such credit shall not be made later than the February accounting statement sent subsequent to the calendar year-end by PetroLogistics. Any revenue collected and retained by PetroLogistics pursuant to this section shall accrue interest calculated pursuant to Section 154.501 of the Commission's regulations.

## **19. NOTICES**

19.1 Any notice, request, demand, or statement, provided for in Shipper's Service Agreement, except as otherwise provided herein, shall be given in writing, shall be delivered in person or sent by registered letter via the United States Mail or sent via e-mail or facsimile to the Parties at the addresses shown in the executed Service Agreement or at such other addresses as may hereafter be furnished to the other Party in writing. Each Party shall have the right to change the place to which notice shall be sent or delivered by similar notice or like manner to the other Party.

19.2 The effective date of notice issued pursuant to this Agreement shall be the earlier of the date of addressee's receipt of notice or the third (3rd) Business Day following the date on which the same is mailed by registered or certified mail, prepaid postage. Any notice initially delivered by facsimile shall be confirmed by regular mail within one (1) week after transmission of the facsimile.

## **20. JOINT OBLIGATIONS**

20.1 When Shipper under a Service Agreement consists of two or more persons, the obligations of such persons under such agreement shall be joint and several and, except as otherwise provided, any action provided to be taken by Shipper shall be taken by such persons jointly.

**21. NON-DISCRIMINATORY WAIVER OF TARIFF PROVISIONS AND NON-WAIVER OF FUTURE DEFAULTS**

21.1 PetroLogistics may waive any of its rights hereunder or any obligations of Shipper on a basis which is not unduly discriminatory; provided that no waiver by either Shipper or PetroLogistics of any one or more defaults by the other in the performance of any provision of the Service Agreement between Shipper and PetroLogistics shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

**22. MODIFICATION**

22.1 No modification to the terms and provisions of any Service Agreement of exhibit thereto shall be or become effective except by the execution of a superseding Service Agreement or exhibit thereto.

## **23. SUCCESSORS IN INTEREST**

23.1 Any company that succeeds by purchase, merger, consolidation or otherwise to the properties substantially as an entirety, of PetroLogistics or of Shipper, used or intended to be used for rendering gas services authorized by the Commission, shall be entitled to the rights and shall be subject to the obligations of its predecessors in title under a Service Agreement. In accordance with the capacity release procedures set forth in Section 8 of the General Terms and Conditions, Shipper may, without relieving itself of its obligations under such agreement, assign any of its rights and obligations thereunder to another shipper, but otherwise no assignment of such agreement, or of any of the rights or obligations thereunder shall be made unless there first shall have been obtained the consent thereto of PetroLogistics, in the event of any assignment by Shipper, or the consent thereto of Shipper, in the event of an assignment by PetroLogistics. Notwithstanding the foregoing, Shipper may, upon notice to PetroLogistics but without the need for PetroLogistics' consent, assign all or part of its right, interest and obligations under this Agreement to any wholly-owned affiliate(s) of Shipper that has a credit rating equal to or higher than Shipper's but in no event lower than the Minimum Acceptable Credit Rating (or that has been provided a guarantee in PetroLogistics' favor from an affiliated entity with such a rating). In the event of a sale of a generating unit or units at any of Shipper's generating facilities which are supplied gas from PetroLogistics' storage facilities, Shipper may, upon notice to PetroLogistics but without the need for PetroLogistics' consent, assign all or part of its right, interest and obligations under this Agreement (except for the assignment rights under this Section 23) to any third party (or parties) that: (i) has a credit rating equal to or better than the Minimum Acceptable Credit Rating, and (ii) purchases said generating unit or units. No assignment by Shipper pursuant to this Section 23 shall relieve Shipper of its obligations under a Service Agreement unless such release is specifically granted by PetroLogistics. In the event there is a request for a permanent release of Shipper's obligations, PetroLogistics will agree to discharge Shipper of liability, on a prospective basis, in whole or in part, provided the assignee Shipper meets the minimum acceptable credit standard set forth in Section 2.3(b)(1) of these General Terms and Conditions. If Shipper's request for a permanent release from liability is denied by PetroLogistics, PetroLogistics shall notify Shipper via e-mail and shall include in the notification the reasons for such denial. These restrictions on assignment shall not in any way prevent any Party from pledging or mortgaging its rights under a Service Agreement as security for its indebtedness.

## **24. DEFAULT**

24.1 Termination. If either PetroLogistics or Shipper shall fail to perform any of the covenants or obligations imposed upon it or them under and by virtue of this Tariff or any effective Service Agreement except due to causes excused by Force Majeure, then the other party may at its option terminate such agreement by proceeding as follows. The party not in default shall provide written notice to the party in default stating specifically the cause for terminating the agreement and declaring it to be the intention of the party giving the notice to terminate the same; thereupon the party in default shall have thirty (30) days after receipt of such notice to remedy or remove the cause or causes stated in the notice, and if within the thirty (30) day period the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such breach, by a good and sufficient indemnity bond or otherwise, then such notice shall be withdrawn and the agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the cause or causes or does not so indemnify the party giving the notice for any and all consequences of such breach, within the thirty (30) day period, then, after any necessary authorization by regulatory bodies having jurisdiction, the agreement shall become void at the expiration of said period, provided that notice of termination has not been withdrawn prior thereto. Any cancellation of such agreement pursuant to the provisions of this Section shall be without prejudice to the right of PetroLogistics to collect any amounts then due to it for the provision of any natural gas service prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any service for which it has paid but has not received, although entitled thereto, prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of such agreement

24.2 Suspension of Service. Prior to a termination for default, PetroLogistics may suspend service to any Shipper who fails to comply with the General Terms and Conditions, the applicable Rate Schedule, or Shipper's Service Agreement. PetroLogistics' failure to invoke its right to terminate an agreement for default shall not be construed as a waiver of PetroLogistics' right to terminate service during any other period when Shipper is in violation of the terms of this tariff or of Shipper's Service Agreement.

24.3 Other Rights Preserved. The availability or exercise of the right to terminate a Service Agreement pursuant to this section shall not serve to diminish or affect the right of the Parties to seek damages or specific performance, for breach of the Service Agreement, as provided in such agreement.

24.4 Waiver of Default. No waiver by either Party of any one or more defaults by the other in the performance of any provisions of the Service Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

## **25. POLICY WITH RESPECT TO FEES AND CONSTRUCTION OF NEW FACILITIES**

25.1 Except as provided in Section 25.2 herein, Shipper shall reimburse PetroLogistics (a) for the costs of any facilities installed by PetroLogistics with Shipper's consent to receive, measure, store or deliver gas for Shipper's account and (b) for any and all filings and approval fees required in connection with Shipper's Service Agreement that PetroLogistics is obligated to pay to the Commission or any other governmental authority having jurisdiction. Any reimbursement due PetroLogistics by Shipper pursuant to this Section 25.1 shall be due and payable to PetroLogistics within ten (10) Days of receipt by Shipper of PetroLogistics' bill(s) for same; provided, however subject to PetroLogistics' consent such reimbursement, plus carrying charges thereon, may be amortized over a mutually agreeable period not to extend beyond the primary contract term of the Service Agreement between PetroLogistics and Shipper. Carrying charges shall be computed utilizing interest factors acceptable to both PetroLogistics and Shipper.

25.2 PetroLogistics may waive from time to time, at its discretion, all or a portion of the facility cost reimbursement requirement set forth in Section 25.1 for the Rate Schedule FSS if Shipper provides PetroLogistics adequate assurances of storage quantities to make construction of the facilities economical to PetroLogistics. All requests for waiver shall be handled by PetroLogistics in a manner which is not unduly discriminatory. For purposes of determining whether a project is economical, PetroLogistics will evaluate projects on the basis of various economic criteria, which will include the estimated storage quantities, cost of the facilities, operating and maintenance as well as administrative and general expenses attributable to the facilities, the revenues PetroLogistics estimates will be generated as a result of such construction, and the availability of capital funds on terms and conditions acceptable to PetroLogistics. In estimating the revenues to be generated, PetroLogistics will evaluate the existence of capacity limitations downstream of the facilities, the marketability of the capacity, the interruptible versus the firm nature of the service, and other similar factors which impact whether the available capacity will actually be utilized.

## **26. ELECTRONIC COMMUNICATIONS**

26.1 PetroLogistics has established a Web Site for use by any interested party. The Web Site shall display non-proprietary information and any information that PetroLogistics is required by FERC Gas Tariff and/or Commission regulations to make available to the general public. The Web Site provides menus that permit any party to (i) separately access notices of available capacity, each record in the storage request log information; (ii) view PetroLogistics' notice of an Operational Flow Order as contemplated by Section 7 of the General Terms and Conditions, and (iii) download the posted information. When necessary, PetroLogistics will post on the Web Site, as appropriate, available information about the imbalance and overrun status of each Shipper and the system. PetroLogistics shall maintain and retain daily back-up records of the information displayed on the Web Site for at least ninety (90) Days and will then be archived. Archived information is available from PetroLogistics within a reasonable period of time after receipt of a request for such information. Information on the most recent entries will appear ahead of older information.

26.2 PetroLogistics shall post on the Web Site information relevant to the availability of firm and interruptible capacity in its Facility. The Web Site will note whether the capacity is available from PetroLogistics directly or through PetroLogistics' capacity release mechanism as set forth in Section 8 of the General Terms and Conditions. The Web Site shall provide information about imbalances on a daily basis. The Web Site also include information allowed or required to be posted thereon by other provisions of the tariff including Section 8, information which PetroLogistics is required to post pursuant to Section 284.13 of the Commission's Regulations, or other information PetroLogistics chooses to post in furtherance of the operation of its system.

26.3 Critical system-wide notices will be in a separate category from notices that are not critical. PetroLogistics will use e-mail in order to facilitate certain notifications to Shippers as required by this FERC Gas Tariff; Shipper shall provide PetroLogistics with at least one e-mail address to which these notifications can be sent and shall be responsible for updating such information as necessary.

26.4 PetroLogistics shall not be liable to the Web Site user nor any other party for damages for any act, omission or circumstance related to the Web Site occasioned by or in consequence of any acts of God, strikes, lockouts, act of the public enemy, wars, blockades, insurrections, fires, storms, floods, washouts, power outages, arrests and restraints of rulers and people, civil disturbances, explosions, breakage or accident to machinery or computers, failure of malfunction of electronic communication or transmission, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, not within the control of PetroLogistics and which by exercise of due diligence PetroLogistics is unable to prevent or overcome. To the extent the information displayed on the Web Site is originated solely by PetroLogistics and such information is subsequently determined inaccurate, the Web Site user shall not be subject to any penalties otherwise collectable by PetroLogistics based on Shipper conduct attributable to such inaccuracy during the period the inaccurate information was displayed on the Web Site.

26.5 PetroLogistics warrants that, without the express consent of the Web Site user or as provided for in Section 8 of the General Terms and Conditions, no PetroLogistics employee or agent will disclose to any third party any information regarding research performed through the Web Site by the Web Site user.

## **27. DISPOSITION OF RETAINED QUANTITIES**

27.1 In the event that PetroLogistics holds an auction for gas quantities retained pursuant to Section 8 of Rate Schedule FSS, Section 8 of Rate Schedule ISS, Section 8 of Rate Schedule IPS or Section 8 of Rate Schedule IBS, PetroLogistics shall post such quantities on the Web Site on the fifth (5th) Business Day following the fifteenth (15th) of the Month. PetroLogistics shall accept bids only during the time period from 7:00 A.M. until 11:00 A.M. CT on the seventh (7th) Business Day following date of the posting. PetroLogistics shall sell the quantities to Shipper submitting the highest bid, and shall notify such Shipper prior to 4:00 P.M. CT of the same day on which PetroLogistics accepts the bids; provided, however, PetroLogistics reserves the right to reject all bids. When the gas is purchased at auction, Shipper must provide identification of the existing storage Service Agreement with PetroLogistics under which Shipper shall store the gas in PetroLogistics' Facilities.

27.2 PetroLogistics shall credit the net proceeds received from such an auction to all Shippers that did not have gas sold during the subject auction ("Qualifying Shipper") based on the ratio of the total charges paid by each Qualifying Shipper for service to the total amount of such charges paid by all Qualifying Shippers during the Month in which the auction of the gas occurred. For the purposes of this Section, the term "net proceeds" shall mean the total proceeds received from the auction less the accumulated charges pursuant to the applicable Rate Schedule for the agreement held by Shipper winning the bid.

Such credits shall be calculated for each Month of the twelve (12) Month period ending July 31 of each year and will be included on the Qualifying Shippers' invoice for the Month following the date of the final Commission order approving PetroLogistics' penalty disbursement report; provided, however, that PetroLogistics will calculate and include such credits on Qualifying Shippers' invoices for a period shorter than twelve months in the event and to the extent that the total accumulated amount of penalty revenue collected pursuant to this Section 27 by PetroLogistics as of the end of any Month exceeds \$1,000,000. PetroLogistics will file a penalty disbursement report within sixty (60) Days of July 31 or sixty (60) Days after the end of the Month in which the revenue collected exceeds \$1,000,000. Any penalty revenue credited to Qualifying Shippers pursuant to this section shall include interest calculated in accordance with Section 154.501(d) of the Commission's regulations.

## **28. OPERATIONAL PURCHASES AND SALES OF GAS**

28.1 PetroLogistics may, from time to time, make operational purchases and sales of Gas to the extent necessary to (i) maintain cavern pressure; (ii) balance fuel quantities under storage agreements; (iii) manage storage imbalance quantities, and (iv) perform other operational functions in connection with the storage services provided by PetroLogistics under the Tariff. The purchase or sale of Gas shall be made on an unbundled and nondiscriminatory basis. Parties that purchase Gas from PetroLogistics shall be responsible for separately arranging any necessary transportation.

28.2 Solicitation of Bids. Prior to making any sales pursuant to this section, PetroLogistics shall post for bid its operational sales on its public Web Site or, alternatively, on third party electronic bulletin board(s) in accordance with the applicable bidding provisions which will be posted at the time of the sale. When soliciting bids for sales, PetroLogistics shall post the following information on its Web Site: (a) the quantity of Gas to be sold; (b) any minimum quantity for bidding; (c) the date and time when all bids shall be due; (d) the date(s) when the Gas will be sold; (e) any minimum or maximum daily quantity to be sold; (f) the point where the Gas will be sold; and (g) the criteria to be used by PetroLogistics in evaluating and selecting bids. PetroLogistics reserves its right, in its sole discretion, to: (1) withdraw its postings; (2) reject all bids due to operational changes; and (3) reject any bid which is not complete, which contains modifications to the terms of the posting, or which contains terms that are operationally unacceptable.

28.3 Operational purchases and sales made pursuant to this section shall be interruptible and afforded the lowest priority of service.

28.4 Reporting Requirements. PetroLogistics will file on May 1 of each year, for the period ending December 31, (1) the source of the operational quantities purchased or sold, (2) the date of such purchases or sales, (3) the quantities, (4) the purchase or sale price, (5) the costs and revenues from such operational purchases/sales, (5) the reasons for the operational purchases and sales, and (6) support that the purchases or sales are limited and incidental to the primary storage services PetroLogistics provides.

## **FORMS OF SERVICE AGREEMENTS**

### **INDEX**

1. SERVICE AGREEMENT (FOR USE UNDER RATE SCHEDULE FSS)
2. INTERRUPTIBLE STORAGE SERVICE AGREEMENT (FOR USE UNDER RATE SCHEDULE ISS)
3. HUB SERVICE AGREEMENTS (FOR USE UNDER RATE SCHEDULES IPS, ILS, IWS, IBTS, AND IBS)
4. CAPACITY RELEASE UMBRELLA AGREEMENT

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO FSS RATE SCHEDULE)

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ by and between PETROLOGISTICS NATURAL GAS STORAGE, LLC, a Delaware limited liability company, ("PetroLogistics") and \_\_\_\_\_, a \_\_\_\_\_ ("Shipper"), pursuant to the following recitals and representations.

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. PetroLogistics shall perform and Shipper shall receive service in accordance with the provisions of the effective FSS Rate Schedule and applicable General Terms and Conditions of PetroLogistics' FERC Gas Tariff, First Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. PetroLogistics, on behalf of the Shipper, shall receive quantities of gas up to Shipper's Maximum Daily Injection Quantity ("MDIQ"), store quantities of gas up to Shipper's Maximum Storage Quantity ("MSQ") and deliver quantities of gas up to Shipper's Maximum Daily Withdrawal Quantity ("MDWQ"), or any combination thereof, as specified in Exhibit A. Service hereunder shall be provided subject to the provisions of Part 284 of the Commission's Regulations.

Shipper agrees that PetroLogistics shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the terms and conditions of this Service Agreement, pursuant to which service hereunder is rendered or (b) any provision of the General Terms and Conditions applicable to this Service Agreement. PetroLogistics agrees that the Shipper may protest or contest the aforementioned filings, and the Shipper does not waive any rights it may have with respect to such filings.

Section 2. Receipt and Delivery Points. The point(s) at which the gas is tendered by Shipper to PetroLogistics under this contract and the point(s) at which the gas is tendered by PetroLogistics to Shipper under this contract shall be at the point(s) located on PetroLogistics' system designated on Exhibit B hereto.

Section 3. Rates. Upon commencement of service, Shipper shall pay PetroLogistics the charges as described in the FSS Rate Schedule, and specified in Exhibit A to this Service Agreement.

Section 4. Term. Service under this Agreement shall commence as of \_\_\_\_\_ and shall continue in full force and effect until \_\_\_\_\_ ("Term"), subject to \_\_\_\_\_ year additional extensions at the same rates, terms and conditions upon 12 months advance written notice prior to the end of the current term. Pre-granted abandonment shall apply upon termination of this Agreement, subject to any right of first refusal Shipper may have negotiated with PetroLogistics as provided in Section 7 of Rate Schedule FSS.

Section 5. Right-of-First-Refusal. Upon the expiration of the primary term or any roll-over of this Agreement, PetroLogistics and Shipper have agreed that Shipper has the right to exercise its ROFR for the storage capacity covered by this Agreement, as provided in Section 7 of Rate Schedule FSS.

\_\_\_\_\_ (CHECK AND INITIAL ONLY IF APPLICABLE).

Section 6. Notices. Notices to PetroLogistics under this Agreement shall be addressed to it at Two Houston Center, 909 Fannin Street, Suite 2630, Houston, TX 77010, Tel. 713 789-0380, Fax. 713 789-8148. Attention: \_\_\_\_\_, and notices to Shipper shall be addressed to it at \_\_\_\_\_ Attention: \_\_\_\_\_, until changed by either PetroLogistics or Shipper by written notice.

Section 7. Prior Agreements Cancelled. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements:

Section 8. Law of Agreement. THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

SHIPPER

PETROLOGISTICS NATURAL GAS STORAGE, LLC

---

By

By

---

Title

---

Title

Revision No. \_\_\_\_\_  
Control No. \_\_\_\_\_

Exhibit A to Service Agreement No. \_\_\_\_\_  
Under Rate Schedule FSS  
Between  
PetroLogistics Natural Gas Storage, LLC  
And  
\_\_\_\_\_ (Shipper)

**Maximum Storage Quantity (MSQ)** \_\_\_\_\_ Dth  
**Base Gas Requirement Ratio** \_\_\_\_\_ of Maximum Storage Quantity  
**Base Gas Supplied by Shipper** \_\_\_\_\_ Dth  
**Maximum Daily Injection Quantity (MDIQ)**

The quantity of Gas Shipper may inject pursuant to the Firm Storage Service Agreement at any time is determined by the following schedule:

Storage Inventory % Full	0-20%	21-40%	41-60%	61-80%	81-100%
<b>Average Permissible Cavern Injection Rate (MMcfd)</b>					

**Maximum Daily Withdrawal Quantity (MDWQ)**

The quantity of Gas Shipper may withdraw pursuant to this Firm Storage Service Agreement at any time is determined by the following schedule:

Storage Inventory % Full	0-20%	21-40%	41-60%	61-80%	81-100%
<b>Average Permissible Cavern Withdrawal Rate (MMcfd)</b>					

The Btu or Dth equivalent quantity injected or withdrawn shall be based upon the heating value of Shipper's gas.

**Monthly Storage Reservation Charge:** \$\_\_\_ per Dth  
**Injection Charge:** \$\_\_\_ per Dth  
**Withdrawal Charge:** \$\_\_\_ per Dth  
**Excess Injection Charge:** \$\_\_\_ per Dth  
**Excess Withdrawal Charge:** \$\_\_\_ per Dth  
**Fuel Retention:** \_\_\_\_\_  
**Storage Losses:** \_\_\_\_\_  
**Electric Power Costs Charge for Compression:** \_\_\_\_\_

**Authorized Overrun Service Charge:** \$\_\_\_ per Dth

**Title Transfer Fee:** \$\_\_\_ per Dth

**Taxes:** In accordance with Section 13.7 of the Tariff, Shipper shall reimburse PetroLogistics for all applicable taxes as may be assessed by PetroLogistics for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes.

**ROFR:** \_\_\_\_\_

To the extent Shipper will provide Base Gas, Shipper shall provide the Base Gas required pursuant to the Base Gas Requirement Ratio.

PetroLogistics will not insure the replacement cost of Shipper's gas.

SHIPPER

PETROLOGISTICS NATURAL GAS STORAGE, LLC

By

By

Title

Title

Date

Date

Revision No. \_\_\_\_\_  
 Control No. \_\_\_\_\_

Exhibit B to Service Agreement No. \_\_\_\_\_  
 Under Rate Schedule FSS  
 Between  
 PetroLogistics Natural Gas Storage, LLC (PetroLogistics)  
 And  
 \_\_\_\_\_ (Shipper)

Point(s) of Receipt and Negotiated Pressure Levels, if applicable:

Storage Inventory % Full	MDRQ	0-20%	21-40%	41-60%	61-80%	81-100%
<b>Interconnect</b>	<b>MMcfd</b>	<b>psig</b>	<b>psig</b>	<b>psig</b>	<b>psig</b>	<b>psig</b>

Point(s) of Delivery and Negotiated Pressure Levels, if applicable:

Storage Inventory % Full	MDDQ	0-20%	21-40%	41-60%	61-80%	81-100%
<b>Interconnect</b>	<b>MMcfd</b>	<b>psig</b>	<b>psig</b>	<b>psig</b>	<b>psig</b>	<b>psig</b>

\* Any point with an MDRQ and/or MDDQ that is greater than zero (0) is considered to be a Primary Point. All other points are considered to be Interruptible Points.

Receipt and Delivery quantities shall be subject to applicable General Terms and Conditions of PetroLogistics' FERC Gas Tariff, First Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("FERC"), as the same may be amended or superseded in accordance with the rules and regulations of FERC.

(If no pressure level is specified, the applicable receipt and/or delivery pressure shall be as set forth in Section 10 of the Tariff.)

**FORM OF SERVICE AGREEMENT  
(APPLICABLE TO ISS RATE SCHEDULE)**

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between PETROLOGISTICS NATURAL GAS STORAGE, LLC ("PetroLogistics") and \_\_\_\_\_ ("Shipper").

WITNESSETH; That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. PetroLogistics shall perform and Shipper shall receive the service in accordance with the provisions of the effective ISS Rate Schedule and applicable General Terms and Conditions of PetroLogistics' FERC Gas Tariff, First Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. PetroLogistics shall store quantities of gas for Shipper up to, but not exceeding, Shipper's Maximum Interruptible Storage Capacity as specified in Exhibit A, as the same may be amended from time to time by agreement between Shipper and PetroLogistics, or in accordance with the rules and regulations of the Commission. Service hereunder shall be provided subject to the provisions of Part 284 of the Commission's Regulations.

Shipper agrees that PetroLogistics shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the terms and conditions of this Service Agreement, pursuant to which service hereunder is rendered or (b) any provision of the General Terms and Conditions applicable to this Service Agreement. PetroLogistics agrees that the Shipper may protest or contest the aforementioned filings, and the Shipper does not waive any rights it may have with respect to such filings.

Section 2. Receipt and Delivery Points. The point(s) at which the gas is tendered by Shipper to PetroLogistics under this contract and the point(s) at which the gas is tendered by PetroLogistics to Shipper under this contract shall be at the point(s) located on PetroLogistics' system designated on Exhibit B hereto.

Section 3. Rates. Upon commencement of service, Shipper shall pay the charges calculated in accordance with the ISS Rate Schedule including Fuel Retention as specified in Exhibit A of this Service Agreement.

Section 4. Term. Service under this Agreement shall commence as of the first Day of the first Month specified in Exhibit A and shall continue in full force and effect until the last Day of the last Month specified in Exhibit A. Pre-granted abandonment shall apply upon termination of this Agreement.

Section 5. Notices. Notices to PetroLogistics under this Agreement shall be addressed to it at Two Houston Center, 909 Fannin Street, Suite 2630, Houston, TX 77010, Tel. 713 789-0380, Fax. 713 789-8148/ Attention: Vice President of Marketing, and notices to Shipper shall be addressed to it at \_\_\_\_\_, Attention: \_\_\_\_\_, until changed by either Party by written notice.

Section 6. Prior Agreements Cancelled. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements:

Section 7. Law of Agreement. THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE DOCTRINES GOVERNING CHOICE OF LAW.

SHIPPER

PETROLOGISTICS NATURAL GAS STORAGE, LLC

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

Exhibit A to Service Agreement No. \_\_\_\_\_  
Under Rate Schedule ISS  
Between  
PetroLogistics Natural Gas Storage, LLC  
And  
\_\_\_\_\_ (Shipper)

**Maximum Interruptible Storage Quantity** \_\_\_\_\_ Dth

**Service Commencement Month** \_\_\_\_\_  
**through** \_\_\_\_\_  
**Service Termination Month** \_\_\_\_\_

**Maximum Daily Injection Quantity (MDIQ)** \_\_\_\_\_ Dth/day

**Maximum Daily Withdrawal Quantity (MDWQ)** \_\_\_\_\_ Dth/day

**Capacity Charge:** \$ \_\_\_\_ per Dth/day

**Injection Charge:** \$ \_\_\_\_ per Dth

**Withdrawal Charge:** \$ \_\_\_\_ per Dth

**Title Transfer Fee:** \$ \_\_\_\_ per Dth

**Fuel Retention:** \_\_\_\_\_

**Storage Losses:** \_\_\_\_\_

**Electric Power Costs Charge for Compression:** \_\_\_\_\_

**Taxes:** In accordance with Section 13.7 of the Tariff, Shipper shall reimburse Company for all applicable taxes as may be assessed Company for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes.

\* PetroLogistics will not insure the replacement cost of Shipper's gas.

\* NOTE: The MHIQ shall equal 1/24<sup>th</sup> of the MDIQ and the MHWQ shall equal 1/24<sup>th</sup> of the MDWQ unless the Parties specifically designate otherwise on this schedule.

(SHIPPER)

PETROLOGISTICS NATURAL GAS STORAGE, LLC

By \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

By \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

Revision No. \_\_\_\_\_  
 Exhibit B to Service Agreement No. \_\_\_\_\_  
 Under Rate Schedule ISS  
 Between  
 PetroLogistics Natural Gas Storage, LLC  
 And  
 \_\_\_\_\_ (Shipper)

**RECEIPT POINT(S)**

Flow Date	Pipeline Name	Location Meter Name & Meter Number	Volume (Dth/d)	Shipper's Name	Shipper's Contract Number
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Maximum Daily Receipt Quantity \_\_\_\_\_ Dth  
 (as applicable)

**DELIVERY POINT(S)**

Flow Date	Pipeline Name	Location Meter Name & Meter Number	Volume (Dth/d)	Shipper's Name	Shipper's Contract Number
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

**HUB SERVICES AGREEMENT  
(APPLICABLE TO RATE SCHEDULES IPS, ILS, IWS, IBTS AND IBS)**

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between PETROLOGISTICS NATURAL GAS STORAGE, LLC ("PetroLogistics") and \_\_\_\_\_ ("Shipper").

WITNESSETH; That in consideration of the mutual covenants herein contained, PetroLogistics and Shipper agree as follows:

Section 1. Scope Of Agreement. Following the commencement of service hereunder, in accordance with the terms of PetroLogistics' Rate Schedules IPS, ILS, IWS, IBTS, and/or IBS, as applicable and of this Agreement, PetroLogistics shall provide interruptible service for Shipper and shall receive, inject, park, loan, store, wheel, withdraw and redeliver the quantities of natural gas up to Shipper's MDIQ, MDRQ, MDWQ, MPQ, MLQ, MDDQ, and/or MDTQ, as applicable and as set forth in Exhibit B hereto.

Section 2. Receipt and Delivery Points. The point(s) at which the gas is to be tendered by Shipper to PetroLogistics and the point(s) at which the gas is to be tendered by PetroLogistics to Shipper under this contract under this contract shall be at the point(s) located on PetroLogistics' system designated on Exhibit A hereto (Shipper's Receipt and Delivery Point(s)).

- Section 3. Rate.
1. Shipper agrees to pay PetroLogistics the charges for all natural gas service furnished to Shipper hereunder as set forth on Exhibit B hereto.
  2. Where applicable, Shipper agrees to pay in kind or dollars PetroLogistics' fuel reimbursement costs as set forth on Exhibit B hereto.
  3. Shipper further agrees to pay PetroLogistics all other applicable fees and charges as set forth in the General Terms and Conditions and in Rate Schedules IPS, ILS, IWS, IBTS, and IBS.

Section 4 Incorporation of Rate Schedules and Tariff Provisions. The terms of PetroLogistics' Rate Schedules IPS, ILS, IWS, IBTS and IBS as filed with the Federal Energy Regulatory Commission, together with the General Terms and Conditions applicable thereto (including any changes in said Rate Schedules or General Terms and Conditions as may from time to time be filed and made effective by PetroLogistics) are hereby incorporated into this agreement and made applicable to each term, condition, and obligation hereof.

Shipper agrees that PetroLogistics shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the terms and conditions of this Service Agreement, pursuant to which service hereunder is rendered or (b) any provision of the General Terms and Conditions applicable to this Service Agreement. PetroLogistics agrees that the Shipper may protest or contest the aforementioned filings, and the Shipper does not waive any rights it may have with respect to such filings.

Section 5 Term. This Agreement shall become effective on \_\_\_\_\_, \_\_\_\_\_ and shall remain in force and effect on a month to month basis unless terminated by either party upon at least thirty (30) days prior written notice to the other party.

Section 6 Notices. Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and mailed to the post office address of the party intended to receive the same, as follows:

PetroLogistics: PetroLogistics Natural Gas Storage LLC  
Two Houston Center  
909 Fannin Street, Suite 2630  
Houston, TX 77010

Shipper: \_\_\_\_\_

Notices: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Billing: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

or to such other address as either Party shall designate by formal written notice to the other.

Section 7 Transfer and Assignment of All Agreements. Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of PetroLogistics or of Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Otherwise no assignment of the Agreement or any of the rights or obligations thereunder shall be made by Shipper, except pursuant to the General Terms and Conditions of PetroLogistics' FERC Gas Tariff.

It is agreed, however, that the restrictions on assignment contained in the Section shall not in any way prevent either party to the contract from pledging or mortgaging its rights thereunder as security for its indebtedness.

Section 8 Law of Agreement. THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

Section 9 Prior Agreements Cancelled. PetroLogistics and Shipper agree that this Agreement, as of the effective date hereof, shall supersede and cancel the following Agreement(s) between the parties hereto: Hub Services Agreement dated \_\_\_\_\_.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in several counterparts by their proper officers thereunto duly authorized as of the date first hereinabove written.

(SHIPPER)

PETROLOGISTICS NATURAL GAS STORAGE, LLC

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

Revision No. \_\_\_\_\_

Exhibit A to Hub Services Agreement No. \_\_\_\_\_  
Under Rate Schedule \_\_\_\_  
Between  
PetroLogistics Natural Gas Storage LLC (PetroLogistics)  
And  
\_\_\_\_\_ (Shipper)

Receipt and/or Delivery Points:

**PIPELINE**

**METER #**

**PARISH**

**STATE**

Revision No. \_\_\_\_\_

Exhibit A to Hub Services Agreement No. \_\_\_\_\_  
Under Rate Schedule \_\_\_\_  
Between  
PetroLogistics Natural Gas Storage LLC (PetroLogistics)  
And  
\_\_\_\_\_ (Shipper)

SHIPPER: \_\_\_\_\_ pursuant to the Hub Services Agreement executed by Shipper on \_\_\_\_\_, hereby directs and requests to PetroLogistics to do the following.

Title Transfer: (from)  
Company Name: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Title Transfer: (from)  
Company Name: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**RECEIPT POINT(S)**

Flow Date	Pipeline Name	Location Meter Name & Meter Number	Volume (Dth/d)	Shipper's Name	Shipper's Contract Number
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Maximum Daily Receipt Quantity \_\_\_\_\_ Dth  
(as applicable)

**DELIVERY POINT(S)**

Flow Date	Pipeline Name	Location Meter Name & Meter Number	Volume (Dth/d)	Shipper's Name	Shipper's Contract Number
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Maximum Daily Delivery Quantity \_\_\_\_\_ Dth  
(as applicable)

Comments: \_\_\_\_\_  
\_\_\_\_\_ Maximum Imbalance Trading Quantity \_\_\_\_\_ Dth

**Requested Service or Components Thereof**

- Maximum Park Quantity \_\_\_\_\_ Dth
- Maximum Daily Wheeling Quantity \_\_\_\_\_ Dth
- Maximum Balancing Quantity \_\_\_\_\_ Dth
- Maximum Loan Quantity \_\_\_\_\_ Dth
- Maximum Daily Injection Quantity \_\_\_\_\_ Dth
- Maximum Daily Withdrawal Quantity \_\_\_\_\_ Dth

Service Commencement Month \_\_\_\_\_, \_\_\_\_\_

Through

Service Termination Month \_\_\_\_\_, \_\_\_\_\_

PetroLogistics and Shipper agree that the following charges shall apply to this Hub Services Transaction (as applicable):

Parking	\$ _____ per Dth	_____ Title Transfer	\$ _____ per Dth
Wheeling	\$ _____ per Dth	_____ Imbalance Trade	\$ _____ per Dth
Balancing	\$ _____ per Dth	_____ Excess Injection	\$ _____ per Dth
Loan	\$ _____ per Dth	_____ Excess Withdrawal	\$ _____ per Dth
Injection	\$ _____ per Dth	_____ Fuel Retention	\$ _____ per Dth
Withdrawal	\$ _____ per Dth		in kind % ____ per Dth

Electric Power Costs for Compression:

In accordance with Section 13.7 of the Tariff, Shipper shall reimburse Company for all applicable taxes as may be assessed Company for the receipt, injection, storage, withdrawal and/or delivery of Shipper's Gas, including ad valorem taxes.

PetroLogistics will not insure the replacement cost of Shipper's gas.

Shipper:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Time: \_\_\_\_\_

PetroLogistics:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Time: \_\_\_\_\_

**FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT UNDER  
RATE SCHEDULE FSS**

This Umbrella Service Agreement, made and entered into this \_\_\_ day of \_\_\_\_\_, by and between PETROLOGISTICS NATURAL GAS STORAGE LLC ("PetroLogistics") and \_\_\_\_\_ ("Replacement Shipper").

WITNESSETH; That in consideration of the mutual covenants and promises herein contained, the Replacement Shipper and PetroLogistics hereby agree as follows:

Section 1. Scope Of Agreement. Subject to the terms, conditions and limitations hereof, so long as the financial evaluation and credit appraisal requirements are met in order for Replacement Shipper to be on PetroLogistics' approved bidder list for capacity releases and execute this Umbrella Service Agreement pursuant to Section 8 of PetroLogistics' General Terms and Conditions, and this Umbrella Service Agreement is effective, Replacement Shipper may bid from time to time on proposed capacity releases under Rate Schedule FSS pursuant to the procedure set forth in Section 8 of PetroLogistics' General Terms and Conditions. If at any time a bid submitted by Replacement Shipper is accepted by PetroLogistics with respect to a given capacity release, PetroLogistics will promptly finalize the appropriate Addendum to this Umbrella Service Agreement, in the format attached hereto. The parties agree that each Addendum is an integral part of this Umbrella Service Agreement as if executed by the parties hereto and fully copied and set forth herein at length and is binding on the parties hereto. Upon finalization of such Addendum, Replacement Shipper and PetroLogistics agree that Replacement Shipper shall be considered for all purposes as a Shipper with respect to the released service.

Upon the finalization of an Addendum, subject to the terms, conditions and limitations hereof and of PetroLogistics' Rate Schedule FSS, PetroLogistics agrees to provide the released service for Replacement Shipper under the applicable Rate Schedule, provided however, the Replacement Shipper qualified under the financial evaluation and credit appraisal requirements set forth in Section 2 of PetroLogistics' General Terms and Conditions at the time it submitted the bid PetroLogistics accepted with respect to such release.

Replacement Shipper hereby agrees to promptly provide any information necessary for PetroLogistics to reevaluate PetroLogistics' credit appraisal as contemplated by Section 2 of PetroLogistics' General Terms and Conditions and to advise PetroLogistics of any material change in the information previously provided by the Replacement Shipper to PetroLogistics.

Section 2. Term. This Agreement shall become effective on \_\_\_\_\_ and shall remain in force and effect until \_\_\_\_\_ and \_\_\_\_\_ to \_\_\_\_\_ thereafter unless this Umbrella Service Agreement is terminated as hereinafter provided. If PetroLogistics determines at any time that Replacement Shipper fails to meet the financial standards or credit criteria of Section 2 of the General Terms and Conditions, PetroLogistics may terminate this agreement and all Addenda attached hereto prospectively in accordance with Section 2 the General Terms and Conditions.

Section 3. Rate Schedules. This Umbrella Service Agreement does not have separate terms and conditions for particular services, but only provides a means for a Replacement Shipper to utilize a service subject to the applicable provisions of the relevant Service Agreement and the terms and conditions for Rate Schedule FSS, by finalization of a copy of an Addendum attached hereto and fully incorporated herein as a part of this Umbrella Service Agreement.

Replacement Shipper agrees that PetroLogistics shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the terms and conditions of this Umbrella Service Agreement, pursuant to which service hereunder is rendered or (b) any provision of the General Terms and Conditions applicable to this Umbrella Service Agreement. PetroLogistics agrees that the Replacement Shipper may protest or contest the aforementioned filings, and the Replacement Shipper does not waive any rights it may have with respect to such filings.

Section 4. Notices. Except as herein otherwise provided or as provided in the General Terms and Conditions of this FERC Gas Tariff, any notice, request, demand, statement, bill or payment provided for in this Umbrella Service Agreement, or any notice which any party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered certified, or regular mail to the post office address of the parties hereto, as the case may be, as follows:

PetroLogistics: PetroLogistics Natural Gas Storage LLC  
Two Houston Center  
909 Fannin Street, Suite 2630  
Houston, TX 77010

Shipper: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

or to such other address as either Party shall designate by formal written notice to the other.

Section 5. Interpretation. THE INTERPRETATION AND PERFORMANCE OF THIS UMBRELLA SERVICE AGREEMENT SHALL BE IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT RECOURSE TO THE LAW GOVERNING CONFLICT OF LAWS.

This Umbrella Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter, either State or Federal, and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction.

Section 6. Relationship Between Replacement Shipper and Releasing Shipper. The parties recognize that, pursuant to Commission orders, Releasing Shipper may require that the Replacement Shipper agree that a breach of this Agreement, including a failure to pay, or to pay timely, by Replacement Shipper under this Agreement, constitutes a breach of contract as between Replacement Shipper and Releasing Shipper. The existence of such an agreement will be indicated on the appropriate Addendum to this Capacity Release Umbrella Agreement. If Replacement Shipper fails to pay PetroLogistics, fails to timely pay PetroLogistics, or otherwise breaches this Agreement with PetroLogistics: (a) both Replacement Shipper and Releasing Shipper (except to the extent otherwise provided in Section 8 of the General Terms and Conditions and except with respect to penalties attributable to Replacement Shipper's conduct) shall be liable to PetroLogistics for such failure to pay or breach (it being understood that nothing in this Section 6 relieves Releasing Shipper from responsibility to pay PetroLogistics in accordance with its service agreements with PetroLogistics) and (b) if, as a result of such breach by Replacement Shipper, Releasing Shipper is accordingly required to pay PetroLogistics or otherwise perform, Releasing Shipper may have a cause of action for breach against Replacement Shipper.

IN WITNESS WHEREOF, the parties hereto have caused this Umbrella Service Agreement to be duly signed by their respective Presidents, Vice Presidents or other duly authorized agents and their respective corporate seals to be hereto affixed and attested by their representative Secretaries or Assistant Secretaries, as of the date first above written.

PETROLOGISTICS NATURAL GAS STORAGE LLC

Attest \_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

(SHIPPER)

By \_\_\_\_\_

Date \_\_\_\_\_

Attest \_\_\_\_\_

**FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE  
UMBRELLA AGREEMENT UNDER RATE SCHEDULE FSS  
(Continued)**

Deal No.: \_\_\_\_\_  
PetroLogistics Addendum Contract No.: \_\_\_\_\_  
Capacity Release Umbrella Agreement No.: \_\_\_\_\_

Addendum No. \_\_\_\_\_

Replacement Shipper: \_\_\_\_\_

Releasing Shipper: \_\_\_\_\_

Releasing Shipper's Contract No.: \_\_\_\_\_

Begin Date of Release:

End Date of Release:

Rates: [Volumetric or Reservation]

Reservation Charge \$ \_\_\_\_\_

Surcharges:

Description	Rate
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

**FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT  
UNDER RATE SCHEDULE FSS (Continued)**

Addendum No. \_\_\_\_

Volume Commitment (Dth/Billing Period)

Maximum Storage Quantity (MSQ): \_\_\_\_\_ (Dth)

Maximum Daily Injection Quantity (MDIQ): \_\_\_\_\_ (Dth)

Maximum Daily Withdrawal Quantity (MDWQ): \_\_\_\_\_ (Dth)

Specific Firm Point(s) of Receipt:

M&R#	MDRQ	Effective From	Effective To
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Specific Firm Point(s) of Delivery:

M&R#	MDRQ	Effective From	Effective To
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**FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT  
UNDER RATE SCHEDULE FSS**

**(Continued)**

Addendum No. \_\_\_\_

Is this capacity subject to right of recall? Yes \_\_\_ No \_\_\_  
Recall Conditions (if applicable): \_\_\_\_\_  
\_\_\_\_\_

Are there any restrictions on released capacity? Yes \_\_\_ No \_\_\_  
Restrictions (if applicable): \_\_\_\_\_  
\_\_\_\_\_

Was PetroLogistics' default bid evaluation criteria used? Yes \_\_\_ No \_\_\_  
Evaluation Criteria (if applicable): \_\_\_\_\_  
\_\_\_\_\_

Were contingent bids accepted? Yes \_\_\_ No \_\_\_  
Contingency comments (if applicable): \_\_\_\_\_  
\_\_\_\_\_

Other Terms and Conditions of Release: [e.g., restrictions on release, third-party agent and terms of third-party agency relationship, and agreements between Replacement Shipper and Releasing Shipper]  
\_\_\_\_\_  
\_\_\_\_\_

This Addendum, entered into, pursuant to PetroLogistics' capacity release program and to the executed Capacity Release Umbrella Agreement between PetroLogistics and the Replacement Shipper, is theretofore made a part of and subject to the aforementioned Capacity Release Umbrella Agreement.