ENTERPRISE

Enterprise Interstate Crude LLC

Effective: July 17, 2020

Policy and Procedures Applicable to Shipper Over/Short Balancing and Pipeline Loss Allowance Settlement – The New Mexico System

1. This document (the "Policy") governs the resolution by Carrier of Over/Short Positions and PLA on the Pipeline. This Policy is subject to Carrier's rates, rules, and regulations tariff for the Pipeline on file and in effect with the applicable regulatory authority, as such tariff may be modified by Carrier from time to time (the "Tariff"). In the event of any inconsistency, the Tariff controls.
2. By submitting a Nomination to Carrier for Services on the Pipeline, each Shipper agrees to the provisions of this Policy.
3. Definitions:
   a) "Crude Type" means a certain grade of Product as set forth on Schedule A.
   b) "Default Exception Pricing" is set forth on Schedule A.
   c) "Delivery" means the physical delivery of Product directly out of the Pipeline at the Destination Point.
   d) "Injection" means the physical introduction of Product directly into the Pipeline at the Origin Point.
   e) "Modified Average Price" is defined in Section 6(c)(i).
   f) "Over/Short Position" means a Shipper's imbalance position on the Pipeline for a Crude Type calculated by Carrier and reported to the Shipper on its month-endstatement.
   g) "Schedule A" means the schedule of Crude Types and Default Exception Pricing attached to this Policy as updated by Carrier from time to time.
   h) "Weighted Average Delivery Price" is defined in Section 6(a).
   i) "Weighted Average Balancing Price" is defined in Section 6(c)(iii).
   j) For purposes of this Policy, a Business Day ends at 5:00 PM, Central Standard Time.

   Other capitalized words used but not defined in this Policy shall have the meaning given such term in the Tariff, unless otherwise specified.
4. Adding or Deleting a Crude Type:
   a) Carrier will add any new Crude Type accepted for transportation to Schedule A. Carrier may delete Crude Types from Schedule A from time to time. Carrier will provide notice to all Shippers of changes to Schedule A.
   b) Shippers must request approval by Carrier of any Product not approved for transportation.
5. Over/Short Position Balancing Process/Pipeline Loss Allowance:

   For any month in which a Shipper has an Over/Short Position for any Crude Type, which expressed as an absolute value is greater than 0 barrels, Carrier will financially settle the Over/Short position using the processes outlined in Section 6 and Section 7 of this Policy. The price determination process described in Sections 6 and 7 will also be used for the determination of Pipeline Loss Allowance.
6. Shipper Over/Short Balancing Price Determination:
   a) No later than the end of the 8th Business Day of the month after the month of Injection or such other day as agreed upon by Carrier, every Shipper that ships any of the Crude Types shall supply to Carrier a price sheet setting out a single price (the "Weighted Average Delivery Price") at the Destination Point for all Deliveries from the Pipeline for each Crude Type shipped by that Shipper in that month.
   b) If a Shipper fails to submit the Weighted Average Delivery Price on or before the end of the 8th Business Day for a Crude Type, then that Crude Type for that Shipper will automatically be settled by the pricing described in Section 7(b).

c) Carrier will calculate a price for each Crude Type in the following manner:

i) Round One: For each Crude Type for which at least three Shippers have supplied a Weighted Average Delivery Price for the month, Carrier will calculate a simple average price and standard deviation using all prices submitted. Carrier will then calculate a price (the "Modified Average Price") by averaging all Shippers' Weighted Average Delivery Prices within one standard deviation of the simple average price. Where any price supplied for a Crude Type for a month is 2% higher or lower than the Modified Average Price it will be deemed to be an extreme price and will be excluded from Round Two below.

ii) Round Two: For each Crude Type for which at least three Shipper-provided prices remain after Round One, Carrier will calculate a simple average after excluding any extreme prices identified in Round One. Any remaining prices that are 1% higher or lower than the Round Two simple average will be excluded from the calculation in Round Three.

iii) Round Three: For each Crude Type for which at least three Shipper-provided prices remain after Round Two, Carrier will calculate a price (the "Weighted Average Balancing Price") for each Crude Type by summing the products of each remaining Shipper's Weighted Average Delivery Price and such Shipper's total volume and dividing such value by the sum of all remaining Shippers' total volume.

iv) Shippers whose weighted average price is used in Round Three and falls within +/- 1% of the Weighted Average Balancing Price calculated in Round Three will have their positions financially settled using their submitted pricing.

v) Shippers whose positions are not financially settled using their submitted pricing will have their positions financially settled using Exception Pricing, as outlined in Section 7.

7. Exception Pricing:

a) For Shippers whose positions are not financially settled pursuant to Section 6, balancing will be carried out on a Crude Type-by-Crude Type basis between the involved Shippers and Carrier based on individually negotiated and agreed upon pricing, confirmed by Carrier and the Shipper by the end of the 11th Business Day of the month following Injection.

b) If a settlement cannot be reached in Section 7(a), then the Shipper will receive the Default Exception Pricing for the respective Crude Type, as outlined in Schedule A, at the Destination Point for that Crude Type.

c) Once a method of pricing is administered under this Section 7 for a Shipper for a specific Crude Type, that method will continue to be used unless otherwise mutually agreed upon by Carrier and Shipper.

8. Financial Settlement:

a) If the Weighted Average Delivery Price for such Crude Type is greater than $0.00 per Barrel, Carrier will financially settle Over/Short Positions and PLA each month by Crude Type for each Shipper remaining in Section 6(c)(iii) whose price is within +/- 1% of the Weighted Average Balancing Price by multiplying the Shipper's Over/Short Position and PLA by the relevant Weighted Average Delivery Price.

b) Any Shipper who did not financially settle in Section 8(a) will have their Over/Short Positions and PLA financially settled by Crude Type by multiplying the Shipper's Over/Short Position and PLA by the Default Exception Pricing as administered in Section 7.

c) If the Weighted Average Delivery Price for such Crude Type is less than or equal to $0.00 per Barrel, then the settlement price will be set by multiplying the Shipper Over/Short Position by $0.00 per Barrel.

d) If the Weighted Average Delivery Price for such Crude Type is less than or equal to $0.00, then the corresponding volume of PLA will be retained by Carrier as in-kind settlement as specified in the Tariff with no payment owed to the Shipper.

9. Carrier will keep all pricing provided by Shippers strictly confidential.

Schedule A

Crude Types and Default Exception Pricing

Crude Types:

Grade	Minimum API Gravity (at 60°F or above)	Maximum API Gravity (at 60°F or above)	Maximum Sulfur (%)
West Texas Intermediate ("WTI")	38	44	0.4

Default Exception Pricing:

Crude Type	Price
WTI	The NYMEX WTI CMA (trading days only) for such month, plus the Argus WTI diff to CMA NYMEX for such month, plus the Argus WTI Midland Differential for such month