

HOUSTON PIPE LINE COMPANY LP
STATEMENT OF OPERATING CONDITIONS
APPLICABLE TO NGPA SECTION 311 TRANSPORTATION SERVICE

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EXHIBIT “A” – General Terms and Conditions

EXHIBIT “B” – Form of Service Agreement

EXHIBIT “C” – Form of Confirmation

EXHIBIT “D” – Retention Volume Zone Map

EXHIBIT “E” – Statement of Rates

HOUSTON PIPE LINE COMPANY LP

STATEMENT OF OPERATING CONDITIONS

APPLICABLE TO NGPA SECTION 311 TRANSPORTATION SERVICE

1. INTRODUCTION.

HOUSTON PIPE LINE COMPANY LP (“Transporter”) is an intrastate pipeline, with facilities located wholly within the State of Texas, and is exempt from the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under the Natural Gas Act of 1938 (“NGA”). If by providing transportation services under Section 311 of the Natural Gas Policy Act of 1978 (“NGPA”) and the regulations thereunder, Transporter’s status as an intrastate pipeline that is exempt from NGA jurisdiction is impacted, altered, or threatened in any way, by virtue of any change in statutes, regulations, or other applicable law of any kind, then Transporter reserves the right to terminate all transportation services under Section 311 of the NGPA and all Service Agreements and applicable Confirmations related thereto, and to withdraw this Statement of Operating Conditions, all effective on the Day before any such change in statutes, regulations, or other applicable law. In light of the foregoing, Transporter presents this Statement of Operating Conditions under which Transporter will offer NGPA Section 311 transportation service on its system. The rates charged by Transporter for NGPA Section 311 transportation service shall be established pursuant to 18 C.F.R. 284.123(b)(2) and such current rates are summarized on Exhibit “E” hereto. As indicated below, Transporter, in addition to its primary business as an intrastate and NGPA Section 311 provider of transportation services, also uses its pipeline system in connection with the purchase and sale of natural gas for its own account as an on system supplier and to maximize the utilization of its pipeline system (including, but not limited to, utilization of any available unused capacity). Transporter will use its system to make such purchases and sales and to transport such quantities on either an intrastate or NGPA Section 311 basis, as set forth herein.

2. DEFINITIONS.

Except as otherwise specified, the following terms as used herein, in the Service Agreement and its applicable Confirmation will be construed to have the following scope and meaning:

- (a) “Agency Agreement” is defined in Section 4.6 of this Statement of Operating Conditions.
- (b) “Btu” means British thermal unit and, where appropriate, the plural thereof.
- (c) “Commencement Date” is defined in Section 10.1 of this Statement of Operating Conditions.