

**[W] PEMBINA COCHIN LLC**

**[W] PKM COCHIN ULC**

**COMPONENT EQUALIZATION PRACTICE APPLICABLE  
TO RECEIPT AND DELIVERY OF LIGHT CONDENSATE**

**(Effective July 1, 2017)**

## EQUALIZATION PRACTICE

This Equalization Practice is subject to the Rules Tariff for the Pipeline (as hereinafter defined) as filed by Carrier with the appropriate governing regulatory authority. Carrier may contract with a third party to implement and administer the terms of this Equalization Practice. In the event of any inconsistency between this Equalization Practice and the Rules Tariff, the Rules Tariff shall prevail. Defined terms not identified Section 1.2 shall have the meaning set forth in the Rules Tariff

The Equalization Practice provides the mechanism that shall be used by Carrier or its designee for quality equalization of commingled Light Condensate received into, transported on and delivered out of the Pipeline. This Equalization Practice may be modified, amended or replaced by Carrier.

### 1. PURPOSE AND GUIDING PRINCIPLES

#### 1.1 Purpose of Equalization

The purpose of equalization is to compensate Shippers, via a monetary credit or debit, for the quality, and hence the value, of Light Condensate, (i) received into the Pipeline at the Receipt Point compared with the average quality of all Light Condensate received into the Pipeline within the same time period and (ii) delivered out of the Pipeline at a Delivery Point compared with the average quality of all Light Condensate delivered out of the Pipeline at all Delivery Points within the same time period. The sum of all the equalization credits and debits within a period are, by definition, zero.

#### 1.2 Definitions

**"Administrative Costs"** shall have the meaning set forth in Section 1.7.

**"Benchmark Values"** means, individually and collectively as the case may be, (i) the Density Scale Reference, Density Scale Factor, Sulfur Scale Reference, Sulfur Scale Factor, C4 - Lower Reference, C4 - Upper Reference and Condensate Allowance Oil Price as established by the EQ Committee from time to time; and (ii) Exchange Rate, all of which shall be applicable to the Month for which the Shipper Equalization Amounts are being determined.

**"Business Day"** means any day that is not a statutory holiday, Saturday or Sunday in Houston, TX or Calgary, AB as the case may be.

**"Deemed C4 - Content"** means butane and lighter density hydrocarbons measured as % of total hydrocarbon volume, rounded to the nearest 0.1%. Deemed C4- is calculated from the volume % of Butane summated with three times the volume percent of C3- (methane volume % + ethane volume % + propane volume %)

**"Equalization Steering Committee"** or "EQ Committee" means the industry established committee of eight volunteer members constituted to establish and govern the industry process for fair and equitable monetary equalization between Shippers in regards to density, sulfur and Deemed C4 - content of Shippers' Light Condensate transported on the Pipeline. More information on the EQ Committee can be found at the following website:

<http://www.capp.ca/library/relatedLinks/Pages/EqualizationSteeringCommittee.aspx>

**"Carrier"** means, for the implementation and administration of the Equalization Practice, (i) [W] Pembina Cochin LLC for Light Condensate received at the Receipt Point; and (ii) and [W] PKM Cochin ULC for Light Condensate delivered at a Delivery Point.

**"Condensate Allowance Oil Price"** means the condensate price identified in the monthly Condensate Equalization Data notice issued by the EQ Committee.

**"Connecting Facilities"** means facilities connecting directly to the Pipeline for the purpose of providing Light Condensate volumes into the Pipeline or taking delivery of Light Condensate from the Pipeline.

**"Delivery Equalization Pool"** means the account of funds administered by Carrier or its designee comprising the sum of all Shipper Delivery Net Equalization Amounts.

**"Delivery Point"** means, singularly or collectively as the case may be, a location as set forth in the Rules Tariff where the Pipeline physically interconnects with a downstream pipeline or any other facility (such as a storage facility) and the Pipeline is capable of delivering Light Condensate into such downstream pipeline.

**"Density Scale Factor"** means the density slope identified in the monthly Condensate Equalization Data notice issued by the EQ Committee from time to time and applicable to the Month for which the Shipper Equalization is determined.

**"Density Scale Reference"** means 750 kilograms per cubic meter or other density measure identified in the monthly Condensate Equalization Data notice issued by the EQ Committee from time to time and applicable to the Month for which the Shipper Equalization is determined.

**"Exchange Rate"** means the Monthly Exchange Rate quoted by the Bank of Canada for the corresponding month of the equalization calculation.

**"Equalization Formula"** means those measurements, analytical and commercial determinations contemplated in the Equalization Practice and as set out in Attachment 1 hereto.

**"Equalization Practice"** shall have the meaning set forth in the Rules Tariff.

**"Month"** means that duration of time during a year from 0700 on the first day of a calendar month to 0700 of the first day of the immediate following calendar month.

**"Notice"** means a written notice provided by one party to another party hereto.

**"Pipeline"** means, as the case may be, that portion of the St. Anne, Illinois to Fort Saskatchewan, Alberta Cochin Pipeline, (i) located in the United States and owned and operated by [W] Pembina Cochin LLC; or (ii) located in Canada and owned and operated by [W] PKM Cochin ULC.

**"Quality Factors"** mean collectively the sampled, analyzed, measured and recorded density, sulfur content and Deemed C4 - Content of each Shipper Batch for the purposes intended herein.

**"Receipt Equalization Pool"** means the account of funds comprising the sum of all Shipper Receipt Equalization Amounts.

**"Receipt Point"** means a location as set forth in the Rules Tariff where the Pipeline connects to an upstream pipeline or any other facility (such as a storage facility) for the purpose of the Pipeline receiving Light Condensate and the Pipeline assuming

care and custody of such Light Condensate.

**"Reference Values"** means collectively those densities, sulfur and C4 - factors, value and analytical reference values and other information applicable to the purposes intended herein issued by the EQ Committee.

**"Rules Tariff"** means the Rules and Regulations Tariff for the Pipeline, as filed from time to time with the applicable regulatory authorities.

**"Shipper Batch"** means, as the case may be, each and every discrete and identifiable volume of Light Condensate that is, (i) duly nominated by a Shipper for transportation on the Pipeline; (ii) accepted by Carrier for transportation in a Month; and (iii) either physically received by Carrier into the Pipeline at a Receipt Point or physically delivered out of the Pipeline by Carrier at a Delivery Location.

**"Shipper Equalization"** means the measured Quality Factors and monetary amounts (and determination thereof) applicable to a Shipper's Shipper Batches in a Month at a Receipt Point or at a Delivery Point as the case may be.

**"Shipper(s)"** means any shipper(s) who has (have) provided volumes to the Pipeline for transportation in the previous six months and Committed Shippers (as defined in the Rules Tariff).

**"Sulfur Scale Reference"** means 0.2% or other such figure representing percent sulfur by weight as set forth by the EQ Committee from time to time and applicable to the Month for which the Shipper Equalization is determined.

**"Sulfur Scale Factor"** means the sulfur slope identified in the monthly Condensate Equalization Data notice issued by the EQ Committee from time to time and applicable to the Month for which the Shipper Equalization is determined.

**"Weighted Average Pipeline Density"** or "WAPD" means the volume weighted average density of all of the Light Condensate received by the Pipeline in a given period in kilograms per cubic meter.

**"Weighted Average Pipeline Sulfur"** or "WAPS" means the mass weighted average sulfur content of all of the Light Condensate received by the Pipeline in a given period in kilograms.

**"Weighted Average Shipper Density"** or "WASD" means the volume weighted average density of all of the Light Condensate received by the Pipeline from a specific Shipper in a given period in kilograms per cubic meter.

**"Weighted Average Shipper Sulfur"** or "WASS" means the mass weighted average sulfur content of all of the Light Condensate received by the Pipeline from a specific Shipper in a given period in kilograms.

Terms not defined in this Section 1.2 shall have the meaning specified in Attachment 1 hereto.

1.3 Responsibilities of Carrier

Carrier shall consult with Shipper(s) prior to modifying the Equalization Practice. Carrier or its designee shall, utilizing reasonable efforts, have regards for fairness and equity amongst all shippers in its implementation and administration of the Equalization Practice.

1.4 Undertakings of Carrier or its Designee

1.4.1 Carrier or its designee will report to each Shipper who shipped during any given period the Shipper Equalization results for that period, following the procedure and timetable established herein.

1.4.2 Carrier or its designee will calculate each Shipper Equalization in accordance with the Equalization Formula.

1.4.3 Carrier or its designee will administer the collection and dispersal of equalization charges and payments made in accordance with the terms of this Equalization Practice.

1.4.4 Carrier or its designee will establish a program designed to accurately capture the input components of the Equalization Formula.

1.4.5 Carrier or its designee will make revisions to equalization statements in accordance with Section 2.7.

1.5 Liability of Carrier

Shippers acknowledge and agree that, (i) Carrier or its designee has undertaken to implement the services contemplated in this Equalization Practice on a reasonable efforts basis at the request of Shippers, and (ii) except where caused by the gross negligence or willful misconduct of Carrier or its designee, Carrier shall not be liable to any Shipper in any manner for any Shipper losses (monetary or otherwise, direct, indirect or consequential), damages or liabilities resulting from Carrier's or its designee's performance or non-performance of any of Carrier's undertakings set forth in this Equalization Practice.

1.6 Notification of Light Condensate Equalization Shipper Meetings

At the request of a Shipper, Carrier shall convene a meeting of Shippers to discuss the Equalization Practice including the Equalization Formula, equalization policies, procedures, practices and/or calculations of equalization charges and payments. Any meeting so convened shall be held in Houston, Texas or another mutually agreeable location on a Business Day. Carrier shall provide written notice of any such meeting to each Shipper no later than ten (10) business days prior to such meeting. This Notice shall include a complete description of the matters to be considered at the meeting.

### 1.7 Administrative Costs

Shippers acknowledge and agree that, (i) the Equalization Practice is a necessary part of the Light Condensate transportation service provided by the Carrier; and (ii) Carrier shall have the right to invoice and recover, or have its designee invoice and recover, from Shippers all direct and indirect administrative costs reasonably incurred and accrued ("Administrative Costs") by Carrier, whether directly or through its designee, in the implementation and ongoing administration of the Equalization Practice.

Administrative Costs applicable to a Shipper and due to Carrier or its designee will be specifically identified and included in a Shipper's equalization invoice, in accordance with Section 6 of the Rules Tariff.

## 2. **LIGHT CONDENSATE EQUALIZATION PROCEDURES**

### 2.1 Methodology

Carrier or its designee will sample and calculate monthly for each Shipper who shipped Light Condensate (i) a Shipper Receipt Equalization Amount (in accordance with Part I of Attachment 1) and (ii) a Shipper Delivery Point Equalization Amount (in accordance with Part II of Attachment 1).

### 2.2 Reference Values

Carrier or its designee will utilize the following reference values in the Equalization Formula from the monthly Condensate Equalization Data notice issued by the Equalization Steering Committee. In the event of the Equalization Steering Committee's failure to timely issue any Month's notice, the previously issued notice will be utilized in Shipper Equalization. In the event that the EQ Committee issues either or both a Density Scale Factor and a Sulfur Scale Factor then Carrier or its designee shall recalculate Shipper Equalization for the applicable months.

2.2.1 Condensate Allowance Oil Price

2.2.2 Density Scale Factor and Density Reference Factor

2.2.3 Sulfur Scale Factor and Sulfur Reference Factor

### 2.3 Taxes

All applicable taxes, including those incurred by virtue of an assessment by any government authority in connection with the provision of services pursuant to this Equalization Practice will be applied to equalization charges/credits and service fees. Applicable tax charges/credits will be identified separately on the equalization invoices. For the purposes of taxation, at no time will the Carrier or its designee be deemed to be the owner of Light Condensate.

### 2.4 Timing

Equalizations will be completed on a timely basis. The timing schedule shall be as set forth below, and has been developed to provide that all equalization payments and receipts for any volumes will be completed within a two-month period after the Month such volumes are received by the Pipeline.

2.5 Equalization Schedule:

2.5.1 Month 1: Month Shipper Batch or Batches received by the Pipeline

2.5.2 Month 2: Month following the Month of receipt

2.5.3 Month 3: two Months following the Month of receipt

2.6 Timing and Procedures

2.6.1 Carrier or its designee will complete the equalization administration and issue statements and invoices to Shippers on or before the eighth (8th) Business Day of Month 3.

2.6.2 Each Shipper owing money to the Receipt Equalization Pool or Delivery Equalization Pool as the case may be must remit such money owing via electronic funds or wire transfer for receipt by Carrier or its designee on or before the fifth (5th) Business Day prior to the last Business Day in Month 3. All such remittances must be net of any applicable electronic funds or wire transfer fees.

2.6.3 Carrier or its designee will disburse payments received pursuant to Section 2.6.2 on a monthly basis to Shippers entitled to payments out of the Receipt Equalization Pool or Delivery Equalization Pool as applicable. Subject to the receipt of all funds by Carrier or its designee as set out in Section 2.6.2. Carrier or its designee will initiate electronic funds or wire transfers to Shippers on the last Business Day in Month 3. If there is any shortfall in payments received by Carrier or its designee pursuant to Section 2.6.2, payments actually received by Carrier or its designee will be allocated on the basis of amounts owed. All such disbursements must be net of any applicable electronic funds or wire transfer fees.

2.7 Revisions

2.7.1 Upon its own initiative or at the request of any Shipper, Carrier or its designee will use reasonable efforts to determine, in its sole discretion, but acting reasonably, whether a proposed revision to a payment or disbursement from the Receipt or Delivery Equalization Pools or a proposal to amend or otherwise change the Equalization Formula is warranted.

2.7.2 Consideration of revisions will involve only the correction of materially significant errors which have occurred within the immediate past twelve (12) months. To the extent that it was originally correct, time sensitive data, including Section 2.2 "Reference Values" above, will not be updated in a revision due to the passage of time between the application of the Equalization formula and the date of revision.

2.7.3 Unless advised otherwise by Carrier, Shippers shall utilize separate electronic funds or wire transfer for current Equalization Formula payments and prior Month adjustments resulting from a revision. All such payments or adjustments must be net of any applicable electronic funds or wire transfer fees.

## 2.8 Quality Measurements

### 2.8.1 Sampling of Light Condensate Streams Delivered to Pipeline:

- 2.8.1.1 Determining and measuring the physical and chemical quality characteristics of Light Condensate shall be the responsibility of Carrier or its designee. Carrier or its designee shall be responsible for maintenance of data integrity regarding sampling procedures and analysis.
- 2.8.1.2 Carrier or its designee will endeavor to sample, measure, or otherwise obtain sulfur, Deemed C4 - Content and density with the following frequency:
  - i. Batch Receipts: On a per batch basis.
  - ii. Continuous Receipts: In conjunction with periodic reset of custody transfer tickets (typically weekly).
  - iii. At any time as a spot check.
- 2.8.1.3 Each Shipper shall have the right to witness quality tests performed by Carrier or its designee for equalization purposes on each of its Shipper Batch received by the Pipeline.
- 2.8.1.4 Analysis of the Light Condensate will be as per applicable industry standards and in accordance with the Light Condensate Acceptance Practice referenced in Rule 23 of the Rules Tariff.

## 2.9 Reporting

### 2.9.1 Information access:

- 2.9.1.1 Carrier or its designee will provide each Shipper with equalization data on such Shipper's specific Shipper Batches received by the Pipeline and the Pipeline aggregate volumes received from, or delivered to, the Connecting Facilities.
- 2.9.1.2 A Shipper will only see detailed information specific to Shipper Batches. Shippers will not be entitled to receive data on Light Condensate received or delivered by the Pipeline from any other Shipper, except in Pipeline-aggregate form.

### 2.9.2 Pipeline Equalization Report to Shippers

- 2.9.2.1 The individual Shipper information available to each Shipper shall include:
  - i. Connecting Facility name connecting to Pipeline.
  - ii. Deemed C4 - Content: expressed in liquid volume percent for each sample.
  - iii. Density: expressed in kilograms per cubic meter.
  - iv. Sulfur: expressed in weight percent rounded to the nearest 0.01%.
  - v. Volume: Shipper volume.
  - vi. Shipper Equalization: charges or credits for Shipper.
  - vii. Taxes: applicable taxes owing to or receivable from a Shipper.



2.9.3 Pipeline Summary Report

2.9.3.1 Aggregate Pipeline information to be provided to each Shipper shall include:

- i. Total volume for Shipper and Pipeline.
- ii. Total value: the total value of the equalization for both Shipper and Pipeline.
- iii. WASD: the volume weighted average density in kilograms per cubic meter for total Shipper volume,
- iv. WASS: the mass weighted average sulfur content in kilograms for total Shipper volume.
- v. WAPD: the volume weighted average densities in kilograms per cubic meter for total Pipeline volume.
- vi. Mass weighted average sulfur content in kilograms for total Pipeline volume.
- vii. Total Pipeline C4 - Adjustment.
- viii. Total Equalization.
- ix. Taxes: applicable taxes owing to or receivable from a Shipper.

2.9.4 Report packaging:

2.9.4.1 Reports and invoices will specify: date of issue; name; and phone number of the contact for Carrier or its designee.

2.9.4.2 Reports and invoices will provide Shipper with Carrier's or its designee's banking information and the due date for electronic funds transfer of equalization payment amounts payable by Shipper.

2.9.4.3 Each page of the report will indicate the equalization Month.

Explanation of Reference Marks	
[W]	Wording change

## **Attachment 1: Equalization Practice Methodology**

### **Part I: Receipt Equalization Methodology**

1. For each and every Shipper Batch delivered at the Receipt Point in a Month Carrier or its designee shall sample analyze, determine and record for such Shipper Batch;
  - a. Density in units of kilograms per cubic meter ("Shipper Batch Density");
  - b. Sulfur content in units of liquid weight percent ("Shipper Batch Sulfur Content"); and
  - c. Deemed C4 - content in units of liquid volume percent ("Shipper Batch Deemed C4 - Content").
2. For each Shipper Batch, Carrier or its designee shall determine an arithmetic differential between each of the Quality Factors and the respective industry-agreed upon Benchmark Values as follows:
  - a. For density, the arithmetic difference obtained by subtracting the Density Scale Reference from the Shipper Batch Density ("Shipper Batch Density Differential").
  - b. For sulfur, the arithmetic difference obtained by subtracting the Sulfur Scale Reference from the Shipper Batch Sulfur Content ("Shipper Batch Sulfur Differential").
  - c. For C4 -, the arithmetic differential to be utilized for the determination of a Shipper Batch quality impact on the overall Deemed C4 - content of the comingled Light Condensate stream ("Shipper Batch C4 - Differential") shall be selected as follows:
    - i. If the Shipper Batch Deemed C4 - Content is less than or equal to 5.0% or in the event that Carrier or its designee has not determined a Shipper Batch Deemed C4 - Content, then Shipper Batch C4 - Differential shall be equal to zero.
    - ii. If the Shipper Batch Deemed C4 - Content is greater than 5.0% then Shipper Batch C4 - Differential shall be equal to the Shipper Batch Deemed C4- Content minus 5%.
3. Carrier or its designee shall determine the positive, neutral or negative monetary per cubic meter value impact that the Quality Factors have on the comingled Light Condensate stream in the following manner:
  - a. For density, the Shipper Batch Density Differential shall first be multiplied by the Density Scale Factor and then secondly divided by the Exchange Rate to yield a value expressed in United States currency ("Shipper Batch Density Value Differential").
  - b. For sulfur the Shipper Batch Sulfur Differential shall first be multiplied by the Sulfur Scale Factor and then secondly divided by the Exchange Rate to yield a value expressed in the United States currency ("Shipper Batch Sulfur Value Differential").
  - c. For C4 -, the per unit value differential to be utilized for the determination of a Shipper Batch quality impact on the overall C4 - value of the comingled Light Condensate stream ("Shipper Batch C4 - Value Differential") shall be selected and determined as follows:
    - i. In the event that the Shipper Batch C4 - Differential is equal to zero, then the Shipper Batch C4 - Value Differential shall be equal to zero.

- ii. In the event that the Shipper Batch Deemed C4 - Content is greater than the 5.0%, then the Shipper Batch C4 - Value Differential shall be equal to the Shipper Batch C4 - Differential firstly multiplied by the Condensate Allowance Oil Price and secondly divided by the Exchange Rate to yield a per unit value expressed in United States currency.
4. For each Shipper, Carrier or its designee shall determine a weighted average dollar per unit measure ("Shipper Weighted Average Differential Factor" or "SWADF") of the aggregated density, sulfur and C4 - value differentials for all Shipper Batches in a Month by;
  - a. Multiplying the particular Shipper Batch by that particular Shipper Batch Density Value Differential ("Shipper Batch Density Differential Amount"), and
  - b. Multiplying the particular Shipper Batch by that particular Shipper Batch Sulfur Value Differential ("Shipper Batch Sulfur Differential Amount"), and
  - c. Multiplying the particular Shipper Batch by that particular Shipper Batch C4 - Value Differential Amount ("Shipper Batch C4 - Differential Amount"), and finally
  - d. Dividing the sum of the Shipper Batch Density Differential Amount and the Shipper Batch Sulfur Differential Amount and the Shipper Batch C4 - Differential Amount by the aggregate volume of the Shipper Batches of a Shipper in that particular Month.
5. Carrier or its designee shall determine for each particular Month a weighted average dollar per unit measure ("Pipeline Weighted Average Differential Factor" or "PWADF") of the aggregated density, sulfur and C4 - value differentials for all Shippers and the aggregated volume of all Shipper Batches by;
  - a. Aggregating, for all Shippers in a Month, those Shippers' respective Shipper Batch Density Differential Amount and Shipper Batch Sulfur Differential Amount and Shipper Batch C4 - Differential Amount ("Pipeline Total Differential Amount"), and then
  - b. Dividing the Pipeline Total Differential Amount by the aggregate volume of all Shipper Batches in that particular Month,
6. The Carrier or its designee shall determine for each Shipper in a Month the monetary amount that a particular Shipper shall be required to pay into the Receipt Equalization Pool or that such Shipper receive as payment from the Receipt Equalization Pool by firstly subtracting the Pipeline Weighted Average Differential Factor from the particular Shipper Weighted Average Differential Factor ("Shipper/Pipeline Equalization Differential") and secondly multiplying that Shipper/Pipeline Equalization Differential by the aggregated volume of the particular Shipper Batches in the Month ("Shipper Receipt Equalization Amount"). In the event a Shipper's Shipper Receipt Equalization Amount is negative, such Shipper shall be paid the Shipper Receipt Equalization Amount out of the Receipt Equalization Pool. In the event a Shipper's Shipper Receipt Equalization Amount is positive, such Shipper shall pay the Shipper Receipt Equalization Amount into the Receipt Equalization Pool.

7. The information in this Part I, Section 7 shall be determined by Carrier or its designee and provided to a Shipper for informational purposes only. Carrier or its designee shall calculate in the manner set out below and provide to a Shipper the Quality Factor information strictly related to the Shipper Batches in a Month and the Pipeline weighted average Quality Factors at the inlet to the Pipeline based on total Light Condensate volumes received in a Month ("Pipeline Total Monthly Receipt Volume");
- a. For Shipper Batches:
- i. Density:
    - 1. For each Shipper in a Month, Carrier or its designee shall multiply such Shipper Batches by the applicable Shipper Batch Density ("Shipper Batch Oil Mass" in kilograms).
    - 2. The Shipper Batch Oil Mass calculated figures shall be aggregated for the Month ("Shipper Aggregated Oil Mass") and divided by the total Shipper Batch volume for the Month ("Shipper Weighted Average Density" expressed in kilograms per cubic meter).
  - ii. Sulfur Content:
    - 1. For each Shipper in a Month, Carrier or its designee shall multiply such Shipper's Shipper Batch Oil Mass by the applicable Shipper Batch Sulfur Content expressed in weight percent ("Shipper Batch Sulfur Mass" expressed in kilograms).
    - 2. The Shipper Batch Sulfur Mass calculated figures shall be aggregated for the Month ("Shipper Aggregated Sulfur Mass") and divided by the Shipper Aggregated Oil Mass for the Month ("Shipper Weighted Average Sulfur" expressed in weight percent).
  - iii. Deemed C4 - Content:
    - 1. For each Shipper in a Month, Carrier or its designee shall multiply such Shipper Batches by the applicable Shipper Batch Deemed C4 - Content ("Shipper Batch C4 - Volume").
    - 2. The Shipper Batch C4 - Volume figures shall be aggregated for the Month ("Shipper Aggregated C4 - Volume") and divided by total Shipper Batch volume for the Month ("Shipper Weighted Average C4 - Volume").
- b. For the Pipeline:
- i. Density:
    - 1. The Shipper's Shipper Aggregated Oil Mass figures in kilograms shall be summed for a Month ("Pipeline Receipt Aggregated Oil Mass").
    - 2. The Pipeline Receipt Aggregated Oil Mass shall be divided by the aggregate of all Shipper Batches received in the Month ("Pipeline Total Monthly Receipt Volume") ("Pipeline Receipt Weighted Average Destiny Factor" or "PRWADF").
  - ii. Sulfur:
    - 1. Carrier or its designee shall sum the Shipper Aggregated Sulfur Mass in kilograms for the Month ("Pipeline Receipt Aggregated Sulfur Mass").
    - 2. The Pipeline Receipt Aggregated Sulfur Mass in kilograms shall be divided by the Pipeline Receipt Aggregated Oil Mass ("Pipeline Receipt Weighted Average Sulfur Factor" or "PRWASF").

- iii. C4:
  1. The Shipper Aggregated C4 - Volumes in m<sup>3</sup> for a Month shall be summed ("Pipeline Receipt Aggregated C4 - Volume").
  2. The Pipeline Receipt Aggregated C4 - Volume shall be divided by the Pipeline Total Monthly Receipt Volume (Pipeline Receipt Weighted Average C4 - Factor" or "PRWABF").
8. Attachment 2 appended hereto provides a notional and illustrative numerical example of the Receipt Equalization Methodology.

## **PART II: Delivery Equalization Methodology**

1. Each Month, Carrier or its designee shall measure and identify the volume of each Shipper Batch delivered at a Delivery Point.
2. For each and every identified and discrete Shipper Batch delivered at the Delivery Point in a Month; Carrier or its designee shall sample, analyze, determine and record for such Shipper Batch:
  - a. Shipper Batch Density for Density in units of kilograms per cubic meter;
  - b. Shipper Batch Sulfur Content for Sulfur content in units of liquid weight percent; and
  - c. Shipper Batch Deemed C4 - Content in units of liquid volume percent.
3. For each Shipper Batch delivered at each Delivery Point, Carrier or its designee shall determine the following amounts in the same manner as specified in Part I hereto excepting that such amounts shall be determined in Canadian funds:
  - a. Shipper Batch Density Differential Amount:
  - b. Shipper Batch Sulfur Differential Amount: and
  - c. Shipper Batch C4 - Differential Amount.
4. At and for each Delivery Point, for each Shipper, Carrier or its designee shall determine an aggregate monetary amount representing the sum of the Shipper Batch Density Differential Amount and Shipper Batch Sulfur Differential Amount and Shipper Batch C4 - Differential Amount ("Shipper Batch Aggregated Differential Amount").
5. At and for each Delivery Point, Carrier or its designee shall determine for each Month, a weighted average dollar per unit measure ("Delivery Point Weighted Average Differential Factor" or "DWADF") by;
  - a. Aggregating, for all Shippers in a Month, those Shippers' respective Shipper Batch Aggregated Differential Amount ("Delivery Point Total Differential Amount"); and then
  - b. Dividing the Delivery Point Total Differential Amount by the aggregate volume of all Shipper Batches in that particular Month ("Delivery Point Total Delivered Volumes").
6. For each Month, Carrier or its designee shall determine a weighted average dollar per unit measure applicable to all Delivery Points ("Pipeline Delivery Weighted Average Differential Factor" or "PDWADF") by:
  - a. Aggregating the Delivery Point Total Differential Amounts of all Delivery Points ("Pipeline Aggregate Delivery Differential Amount"); and then

- b. Dividing the Aggregate Pipeline Delivery Differential Amount by the aggregate of all volumes delivered at all Pipeline Delivery Points ("Pipeline Aggregate Delivery Point Volumes") for the Month.
7. For each Month, Carrier or its designee shall determine for each Delivery Point, a monetary amount that each Shipper who delivered Shipper Batches to such Delivery Point shall be required to pay into the Delivery Equalization Pool or that such Shipper will receive as payment from the Delivery Equalization Pool ("Shipper Delivery Point Equalization Amount") by;
  - a. Firstly subtracting the Pipeline Weighted Average Differential Factor from the particular Delivery Point Weighted Average Differential Factor ("Pipeline/Delivery Point Differential Factor"), and then
  - b. Secondly multiplying that Pipeline/Delivery Point Differential Factor by the total volume of Shipper Batches delivered to that Delivery Point in the Month ("Shipper Delivery Point Equalization Amount").
8. Carrier or its designee shall sum the particular Shipper's positive and negative Shipper Delivery Point Equalization Amounts for all Delivery Points for the Month ("Shipper Delivery Net Equalization Amount"). In the event a Shipper's Shipper Delivery Net Equalization Amount is negative, such Shipper shall be paid the Shipper Delivery Net Equalization Amount out of the Equalization Pool. In the event a Shipper's Shipper Delivery Net Equalization Amount is positive, such Shipper shall pay the Shipper Delivery Net Equalization Amount into the Delivery Point Equalization Pool.
9. Attachment 2 appended hereto provides a notional and illustrative numerical example of the Delivery Equalization Methodology.

## Attachment 1: Illustrative Equalization Methodology Numerical Example

### Part 1: Numerical Example of RECEIPT Equalization Methodology

Benchmark Values Applicable for the Month	
Density Scale Reference (kg/m <sup>3</sup> )	750
Density Scale Factor (CANS/m <sup>3</sup> )	\$0.60
Sulfur Scale Reference (Wt%)	0.2
Sulfur Scale Factor (CANS/m <sup>3</sup> per 0.1%Wt%)	\$1.38
C4- Content Percentage Limit	5%
Condensate Allowance Oil Price (CANS/m <sup>3</sup> )	\$647.82
Exchange Rate (CANS/US\$)	1.09

Receipt Equalization Practice Example: Notional Shipper Parameters											
Carrier Receipt Volumes			Measured Content (Quality Factors)				Measured Content Differential			Value Differential	
Connecting Feeder Pipeline	Shipper	Shipper Batch	Shipper Batch Density	Shipper Batch Sulfur Content	Shipper Batch C4-Content	Shipper Batch Density Differential	Shipper Batch Sulfur Differential	Shipper Batch C4- Differential	Shipper Batch Density Value Differential	Shipper Batch Sulfur Value Differential	Shipper Batch C4- Value Differential
			m <sup>3</sup>	kg/m <sup>3</sup>	Wt. %	Vol. %	kg/m <sup>3</sup>	Wt. %	Vol. %	US\$/m <sup>3</sup>	US\$/m <sup>3</sup>
Feeder PL 1	JKL	10,000	725.0	0.20	0.6%	(25.0)	0.00	0.00%	\$ (13.76)	\$ -	\$ -
Feeder PL 1	XYZ	20,000	723.0	0.18	0.5%	(27.0)	-0.02	0.00%	\$ (14.86)	\$ (0.25)	\$ -
Feeder PL 1	ABC	15,000	722.0	0.21	0.3%	(28.0)	0.01	0.00%	\$ (15.41)	\$ 0.13	\$ -
Feeder PL 1	ABC	15,000	735.0	0.10	1.0%	(15.0)	-0.10	0.00%	\$ (8.26)	\$ (1.27)	\$ -
Feeder PL 1	XYZ	10,000	760.0	0.30	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -
Feeder PL 1	QRS	10,000	760.0	0.30	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -
Feeder PL 1	XYZ	10,000	760.0	0.30	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -
Feeder PL 1	QRS	10,000	760.0	0.30	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -
Feeder PL 1	ABC	15,000	700.0	0.05	20.0%	(50.0)	-0.15	15.00%	\$ (27.52)	\$ (1.90)	\$ 89.15
Feeder PL 1	JKL	15,000	705.0	0.05	6.1%	(45.0)	-0.15	1.10%	\$ (24.77)	\$ (1.90)	\$ 6.54
Feeder PL 2	QRS	25,000	745.0	0.20	6.1%	(5.0)	0.00	1.10%	\$ (2.75)	\$ -	\$ 6.54
Feeder PL 2	JKL	25,000	750.0	0.20	12.0%	-	0.00	7.00%	\$ -	\$ -	\$ 41.60

### Part 1: Numerical Example of RECEIPT Equalization Methodology

Shipper XYZ Individual Parameters & SWADF						Shipper ABC Individual Parameters & SWADF					
Connecting Feeder Pipeline	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4- Differential Amount	Connecting Feeder Pipeline	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4- Differential Amount
			M3	US\$	US\$				US\$	M3	US\$
Feeder PL 1	XYZ	20,000	\$ (297,248)	\$ (5,064)	\$ -	Feeder PL 1	ABC	15,000	\$ (231,193)	\$ 1,899	\$ -
Feeder PL 1	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -	Feeder PL 1	ABC	15,000	\$ (123,853)	\$ (18,991)	\$ -
Feeder PL 1	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -	Feeder PL 1	ABC	15,000	\$ (412,844)	\$ (28,486)	\$ 1,337,243
Totals		40,000	\$ (187,156)	\$ 20,257	\$ -	Totals		45,000	\$ (767,890)	\$ (45,578)	\$ 1,337,243
Sum of Shipper Differential Amounts					\$ (166,899)	Sum of Shipper Differential Amounts					\$ 523,775
Shipper Weighted Average Differential Factor					\$ (4.17)	Shipper Weighted Average Differential Factor					\$ 11.64
Shipper JKL Individual Parameters & SWADF						Shipper QRS Individual Parameters & SWADF					
Connecting Feeder Pipeline	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4- Differential Amount	Connecting Feeder Pipeline	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4- Differential Amount
			M3	US\$	US\$				US\$	M3	US\$
Feeder PL 1	JKL	10,000	\$ (137,615)	\$ -	\$ -	Feeder PL 1	QRS	10,000	\$ 55,046	\$ 12,661	\$ -
Feeder PL 1	JKL	15,000	\$ (371,360)	\$ (28,486)	\$ 98,064	Feeder PL 1	QRS	10,000	\$ 55,046	\$ 12,661	\$ -
Feeder PL 2	JKL	25,000	\$ -	\$ -	\$ 1,040,078	Feeder PL 2	QRS	25,000	\$ (68,807)	\$ -	\$ 163,441
Totals		50,000	\$ (509,174)	\$ (28,486)	\$ 1,138,142	Totals		45,000	\$ 41,284	\$ 25,321	\$ 163,441
Sum of Shipper Differential Amounts					\$ 600,482	Sum of Shipper Differential Amounts					\$ 230,046
Shipper Weighted Average Differential Factor					\$ 12.01	Shipper Weighted Average Differential Factor					\$ 5.11

Part 1: Numerical Example of RECEIPT Equalization Methodology

Pipeline: Determination of Quality Factor Weighted Averages (for information purposes only)		
Pipeline Receipt Aggregated Oil Mass	kg x 1000	132,415
Pipeline Total Monthly Receipt Volume	M <sup>3</sup>	180,000
Pipeline Receipt Weighted Average Density Factor	kg/M <sup>3</sup>	736
Pipeline Receipt Aggregated Sulfur Mass	kg	250,784
Pipeline Receipt Aggregated Oil Mass	kg x 1000	132,415
Pipeline Receipt Weighted Average Sulfur Factor	Wt. %	0.19
Pipeline Receipt Aggregated C4- Volume	M <sup>3</sup>	9,995
Pipeline Total Monthly Receipt Volume	M <sup>3</sup>	180,000
Pipeline Receipt Weighted Average C4- Factor		0.06

Part 1: Numerical Example of RECEIPT Equalization Methodology

Carrier Pipeline Aggregation of Shipper Differential Amounts & PWADF						Determination of Receipt Equalization Pool Debits and Credits by Shipper				
Connecting Feeder Pipeline	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4- Differential Amount	Shipper XYZ	Shipper ABC	Shipper JKL	Shipper QRS	
			M <sup>3</sup>	US\$	US\$					US\$
Feeder PL 1	JKL	10,000	\$ (137,615)	\$ -	\$ -	\$ (4.17)	\$ 11.64	\$ 12.01	\$ 5.11	
Feeder PL 1	XYZ	20,000	\$ (297,248)	\$ (5,064)	\$ -	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	
Feeder PL 1	ABC	15,000	\$ (231,193)	\$ 1,899	\$ -					
Feeder PL 1	ABC	15,000	\$ (123,853)	\$ (18,991)	\$ -	\$ (10.77)	\$ 5.04	\$ 5.41	\$ (1.48)	
Feeder PL 1	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -					
Feeder PL 1	QRS	10,000	\$ 55,046	\$ 12,661	\$ -					
Feeder PL 1	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -					
Feeder PL 1	QRS	10,000	\$ 55,046	\$ 12,661	\$ -					
Feeder PL 1	ABC	15,000	\$ (412,844)	\$ (28,486)	\$ 1,337,243					
Feeder PL 1	JKL	15,000	\$ (371,560)	\$ (28,486)	\$ 98,064					
Feeder PL 2	QRS	25,000	\$ (68,807)	\$ -	\$ 163,441					
Feeder PL 2	JKL	25,000	\$ -	\$ -	\$ 1,040,078					
<b>Total</b>		<b>180,000</b>	<b>\$ (1,422,936)</b>	<b>\$ (28,486)</b>	<b>\$ 2,638,826</b>					
Pipeline Total Differential Amount						\$	\$	\$	\$	
Pipeline Total Differential Amount						\$	1,187,404.40			
Pipeline Weighted Average Differential Factor						\$	6.60			

  

Determination of Receipt Equalization Pool Debits and Credits by Shipper				
	Shipper XYZ	Shipper ABC	Shipper JKL	Shipper QRS
Shipper Weighted Average Differential Factor (US\$/M <sup>3</sup> )	\$ (4.17)	\$ 11.64	\$ 12.01	\$ 5.11
Pipeline Weighted Average Differential Factor (US\$/M <sup>3</sup> )	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60
Pipeline/Shipper Equalization Differential (US\$/M <sup>3</sup> )	\$ (10.77)	\$ 5.04	\$ 5.41	\$ (1.48)
Shipper Batch Volumes in Month (M <sup>3</sup> )	40,000	45,000	50,000	45,000
Shipper Receipt Equalization Amount (US\$)	(\$430,767)	\$226,924	\$270,647	(\$66,805)

If Shipper Equalization Amount is negative, Shipper shall receive a payment equal to the Shipper Equalization Amount out of the Equalization Pool.  
 If Shipper Equalization Amount is positive, Shipper shall make a payment equal to the Shipper Equalization Amount into the Equalization Pool.



## Attachment 2: Illustrative Equalization Methodology Numerical Example

### Part 1: Numerical Example of Delivery Equalization Methodology

Benchmark Values Applicable for the Month	
Density Scale Reference (kg/m <sup>3</sup> )	750
Density Scale Factor (CANS/m <sup>3</sup> )	\$0.60
Sulfur Scale Reference (Wt%)	0.2
Sulfur Scale Factor (CANS/m <sup>3</sup> per 0.1%Wt%)	\$1.38
C4- Content Percentage Limit	5%
Condensate Allowance Oil Price (CANS/m <sup>3</sup> )	\$647.82
Exchange Rate (CANS/US\$)	1.05

Delivery Equalization Practice Example: Notional Shipper Parameters												
Carrier Delivery Volumes		Measured Content (Quality Factors)				Measured Content Differential			Value Differential			
Delivery Points	Shipper	Shipper Batch	Shipper Batch Density	Shipper Batch Sulfur Content	Shipper Batch C4-Content	Shipper Batch Density Differential	Shipper Batch Sulfur Differential	Shipper Batch C4-Differential	Shipper Batch Density Value Differential	Shipper Batch Sulfur Value Differential	Shipper Batch C4-Value Differential	
		M <sup>3</sup>	kg/m <sup>3</sup>	Wt. %	Vol. %	kg/m <sup>3</sup>	Wt. %	Vol. %	US\$/m <sup>3</sup>	US\$/m <sup>3</sup>	US\$/m <sup>3</sup>	
Delivery Point #3	QRS	10,000	725.0	0.200	0.6%	(25.0)	0.00	0.00%	\$ (13.76)	\$ -	\$ -	-
Delivery Point #1	XYZ	20,000	723.0	0.180	0.5%	(27.0)	-0.02	0.00%	\$ (14.86)	\$ (0.25)	\$ -	-
Delivery Point #1	JKL	15,000	722.0	0.210	0.3%	(28.0)	0.01	0.00%	\$ (15.41)	\$ 0.13	\$ -	-
Delivery Point #2	ABC	15,000	735.0	0.100	1.0%	(15.0)	-0.10	0.00%	\$ (8.26)	\$ (1.27)	\$ -	-
Delivery Point #3	XYZ	10,000	760.0	0.300	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -	-
Delivery Point #3	JKL	10,000	760.0	0.300	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -	-
Delivery Point #2	QRS	10,000	760.0	0.300	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -	-
Delivery Point #1	XYZ	10,000	760.0	0.300	3.0%	10.0	0.10	0.00%	\$ 5.50	\$ 1.27	\$ -	-
Delivery Point #2	ABC	15,000	700.0	0.050	20.0%	(50.0)	-0.15	15.00%	\$ (27.52)	\$ (1.90)	\$ 89.15	-
Delivery Point #3	ABC	15,000	705.0	0.050	6.1%	(45.0)	-0.15	1.10%	\$ (24.77)	\$ (1.90)	\$ 6.54	-
Delivery Point #2	QRS	25,000	745.0	0.200	6.1%	(5.0)	0.00	1.10%	\$ (2.75)	\$ -	\$ 6.54	-
Delivery Point #1	JKL	25,000	745.0	0.200	11.0%	(5.0)	0.00	6.00%	\$ (2.75)	\$ -	\$ 35.66	-

### Part 1: Numerical Example of Delivery Equalization Methodology

Shipper XYZ Individual Parameters & SWADF						Shipper ABC Individual Parameters & SWADF					
Delivery Point	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4-Differential Amount	Delivery Point	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4-Differential Amount
		M <sup>3</sup>	US\$	US\$	US\$			M <sup>3</sup>	US\$	US\$	US\$
Delivery Point #1	XYZ	20,000	\$ (297,248)	\$ (5,064)	\$ -	Delivery Point #2	ABC	15,000	\$ (123,853)	\$ (18,991)	\$ -
Delivery Point #3	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -	Delivery Point #2	ABC	15,000	\$ (412,844)	\$ (28,486)	\$ 1,337,243
Delivery Point #1	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -	Delivery Point #3	ABC	15,000	\$ (371,560)	\$ (28,486)	\$ 98,064
Totals		40,000	\$ (187,156)	\$ 20,257	\$ -	Totals		45,000	\$ (908,257)	\$ (75,963)	\$ 1,435,308
Sum of Shipper Differential Amounts						Sum of Shipper Differential Amounts					
\$ (166,899)						\$ 451,087					
Shipper Weighted Average Differential Factor						Shipper Weighted Average Differential Factor					
\$ (4.17)						\$ 10.02					
Shipper JKL Individual Parameters & SWADF						Shipper QRS Individual Parameters & SWADF					
Delivery Point	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4-Differential Amount	Delivery Point	Shipper	Shipper Batch	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4-Differential Amount
		M <sup>3</sup>	US\$	US\$	US\$			M <sup>3</sup>	US\$	US\$	US\$
Delivery Point #1	JKL	15,000	\$ (231,193)	\$ 1,899	\$ -	Delivery Point #3	QRS	10,000	\$ (137,615)	\$ -	\$ -
Delivery Point #3	JKL	10,000	\$ 55,046	\$ 12,661	\$ -	Delivery Point #2	QRS	10,000	\$ 55,046	\$ 12,661	\$ -
Delivery Point #1	JKL	25,000	\$ (68,807)	\$ -	\$ 891,495	Delivery Point #2	QRS	25,000	\$ (68,807)	\$ -	\$ 163,441
Totals		50,000	\$ (244,954)	\$ 14,560	\$ 891,495	Totals		45,000	\$ (151,376)	\$ 12,661	\$ 163,441
Sum of Shipper Differential Amounts						Sum of Shipper Differential Amounts					
\$ 661,101						\$ 24,725					
Shipper Weighted Average Differential Factor						Shipper Weighted Average Differential Factor					
\$ 13.22						\$ 0.55					

**Part 1: Numerical Example of Delivery Equalization Methodology**

Pipeline: Determination of Quality Factor Weighted Averages (for information purposes only)		
Pipeline Delivery Aggregated Oil Mass	kg x 1000	132,290
Pipeline Total Monthly Delivery Volume	M <sup>3</sup>	180,000
Pipeline Delivery Weighted Average Density Factor	kg/M <sup>3</sup>	735
Pipeline Delivery Aggregated Sulfur Mass	kg	250,534
Pipeline Delivery Aggregated Oil Mass	kg x 1000	132,290
Pipeline Delivery Weighted Average Sulfur Factor	Wt. %	0.19
Pipeline Delivery Aggregated C4- Volume	M <sup>3</sup>	9,745
Pipeline Total Monthly Delivery Volume	M <sup>3</sup>	180,000
Pipeline Delivery Weighted Average C4- Factor		0.05

Part 1: Numerical Example of Delivery Equalization Methodology

Carrier Pipeline Aggregation of Shipper Differential Amounts & PWADF							Determination of Delivery Equalization Pool Debits and Credits by Shipper				
Delivery Point	Shipper	Delivery Point Volumes	Shipper Batch Density Differential Amount	Shipper Batch Sulfur Differential Amount	Shipper Batch C4- Differential Amount	Shipper Batch Aggregated Differential Amount	Delivery Point Aggregated Weighted Average Differential Factor	Shipper XYZ	Shipper ABC	Shipper JKL	Shipper QRS
		M <sup>3</sup>	US\$	US\$	US\$	US\$		\$	\$	\$	\$
								\$ 5.39	\$ 5.39	\$ 5.39	\$ 5.39
Delivery Point #3	QRS	10,000	\$ (137,615)	\$ -	\$ -	\$ (137,615)	Delivery Point #1 Weighted Average Differential Factor (US\$/M <sup>3</sup> )	\$ 5.13	\$ 5.13	\$ 5.13	\$ 5.13
Delivery Point #1	XYZ	20,000	\$ (297,246)	\$ (5,064)	\$ -	\$ (302,312)	Delivery Point #2 Weighted Average Differential Factor (US\$/M <sup>3</sup> )	\$ 14.08	\$ 14.08	\$ 14.08	\$ 14.08
Delivery Point #1	JKL	15,000	\$ (231,193)	\$ 1,899	\$ -	\$ (229,294)	Delivery Point #3 Weighted Average Differential Factor (US\$/M <sup>3</sup> )	\$ (6.76)	\$ (6.76)	\$ (6.76)	\$ (6.76)
Delivery Point #2	ABC	15,000	\$ (123,853)	\$ (18,991)	\$ -	\$ (142,844)	Delivery Point #1 Equalization Differential (US\$/M <sup>3</sup> )	\$ (0.26)	\$ (0.26)	\$ (0.26)	\$ (0.26)
Delivery Point #3	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -	\$ 67,706	Delivery Point #2 Equalization Differential (US\$/M <sup>3</sup> )	\$ 8.69	\$ 8.69	\$ 8.69	\$ 8.69
Delivery Point #3	JKL	10,000	\$ 55,046	\$ 12,661	\$ -	\$ 67,706	Delivery Point #3 Equalization Differential (US\$/M <sup>3</sup> )	\$ (12.15)	\$ (12.15)	\$ (12.15)	\$ (12.15)
Delivery Point #2	QRS	10,000	\$ 55,046	\$ 12,661	\$ -	\$ 67,706	Delivery Point #1 Volumes in Month (M <sup>3</sup> )	30,000	0	40,000	0
Delivery Point #1	XYZ	10,000	\$ 55,046	\$ 12,661	\$ -	\$ 67,706	Delivery Point #2 Volumes in Month (M <sup>3</sup> )	0	30,000	0	35,000
Delivery Point #2	ABC	15,000	\$ (412,844)	\$ (28,486)	\$ 1,337,243	\$ 895,913	Delivery Point #3 Volumes in Month (M <sup>3</sup> )	10,000	15,000	10,000	10,000
Delivery Point #3	ABC	15,000	\$ (371,560)	\$ (28,486)	\$ 98,064	\$ (301,981)	Delivery Point #1 Equalization Amount (US\$)	(\$7,902)	\$0	(\$10,536)	\$0
Delivery Point #2	QRS	25,000	\$ (68,807)	\$ -	\$ 163,441	\$ 94,633	Delivery Point #2 Equalization Amount (US\$)	\$0	\$260,827	\$0	\$304,298
Delivery Point #1	JKL	25,000	\$ (68,807)	\$ -	\$ 891,495	\$ 822,688	Delivery Point #3 Equalization Amount (US\$)	(\$121,486)	(\$182,229)	(\$121,486)	(\$121,486)
<b>Total</b>		<b>180,000</b>	<b>-1,491,743</b>	<b>-28,486</b>	<b>2,490,244</b>		<b>Shipper Delivery Net Equalization Amount</b>	<b>(\$129,388)</b>	<b>\$78,598</b>	<b>(\$132,022)</b>	<b>\$182,812</b>
Delivery Point Total Differential Amount							\$ 970,014.50	If Shipper Equalization Amount is negative, Shipper shall receive a payment equal to the Shipper Equalization Amount out of the Equalization Pool.			
Pipeline Delivery Weighted Average Differential Factor							\$ 5.39				
Delivery Point #1 Differential Amount			Delivery Point #1 Volume		70,000	\$ 358,788.99	If Shipper Equalization Amount is positive, Shipper shall make a payment equal to the Shipper Equalization Amount into the Equalization Pool.				
Delivery Point #1 Weighted Average Differential Factor			Delivery Point #2 Volume		65,000	\$ 915,408.72					
Delivery Point #2 Total Differential Amount			Delivery Point #3 Volume		45,000	\$ (304,183.21)					
Delivery Point #2 Weighted Average Differential Factor			Delivery Point #3 Total Differential Amount			\$ 14.08					
Delivery Point #3 Total Differential Amount			Delivery Point #3 Weighted Average Differential Factor			\$ (6.76)					