

LOOP SOUR SCHEDULING PROCEDURE

This procedure supplements LOOP's Terms and Conditions of Service and provides a method for scheduling Barrels into and out of LOOP Sour Storage. Terms as defined in the Terms and Conditions of Service shall have the same meaning here. This procedure will be applied without discrimination among Shippers and may be revised as required.

I. Disposition Procedures for Remaining Balances

A schedule for disposition of proposed shipments ("Disposition Schedule") designating deliveries from the System by volume in Barrels, segregation and receiving Connecting Carrier pipeline must have been submitted to and approved by LOOP prior to the 25th day (or, if the 25th day of a month is on a weekend or holiday, the last preceding business day) of the month preceding the shipping month. If there is no plan to deliver the crude from the system by the last day of the shipping month, the Shipper must buy additional storage for the next month to avoid incurring penalties.

A. End of Month Balances less than 1,000 Barrels

1. Shippers who have remaining balances between 0.01 and 1,000.00 Barrels (equivalent to one sour storage contract) will not incur any storage charges or penalties.

B. End of Month Balances greater than 1,000 Barrels

1. Shippers who have remaining balances of 1,000.01 and greater and who have not purchased Sour Storage for the next month will be charged a monthly storage fee equivalent to the greater of \$0.50 per Barrel or three (3) times the Futures Clearing Price per Barrel from the most recent auction for the shipping month. This fee will provide storage for that shipping month. If the balances carry into further months, the Shipper shall be charged as described above for the following months, until all Barrels are delivered from the system or CACs are purchased.
2. Shippers carrying balances past the CAC expiration (end of calendar month) have the option to submit to LOOP a disposition schedule for the delivery of their Barrels from LOOP Sour Storage prior to the last day of the next month. Once the disposition schedule is received and tentatively approved, no contracts will be consumed for the next month.
 - i. Shipper must submit the disposition schedule and have it tentatively approved by LOOP by the 25th of the month in which the CACs expire.
 - ii. If the approved disposition schedule is not followed, Shipper must acquire LOOP Sour Storage, or may be subject to storage charges as described in Section I.B.1.

II. Tank Conversions into LOOP Sour

A. Rules of Tank Service Agreement (TSA) Holder Participation

1. TSA Holders must inform LOOP on the last day of trading, by close of business that it intends to use its tank volume to cover a short position. TSA Holders must inform LOOP by email to Scheduler@loopllc.com.
2. Any volume of a tank sold into market will require the entire tank to be converted into LOOP Sour Service for the month sold.
3. The maximum short position that can be covered by a TSA is 550 contracts or 550,000 Barrels.

B. Tank Conversion to LOOP Sour

1. Upon receipt of notification, Schedulers will work with the Shippers to remove their inventory from the tank prior to the first day of the month that the tank converts to LOOP Sour.
2. Shippers are not required to remove their tank bottom until LOOP is ready to convert the tank into Sour Service. If the Shipper wishes to remove their bottom before LOOP is ready to convert the tank, LOOP will inject a bottom of its choosing.

III. Intra-month Activities

A. Intra-month Sour Storage Trades

1. A Shipper who cancels a batch into LOOP Sour within 72 hours of its receipt will not receive credit for the cancelled storage use for 48 hours.
2. Shippers are allowed to sell their available storage intra-month through Matrix Markets.

B. Crude Title Transfers within LOOP Sour Storage

1. Intra-Month Crude Title Transfers (Not Effective on the First of the Month)

For Crude Title Transfers effective during the current month, the transferee does not need to purchase CACs for the transferred Barrels. If the transferred Barrels are scheduled to remain in LOOP Sour Storage after the last day of the month in which the Barrels were transferred, refer to Section I.B.2.

2. Crude Title Transfers Effective on the First Day of the Month

The transferor must submit and the transferee must confirm the Crude Title Transfer request by the 25th of the month prior to the transfer month.

The Crude Title Transfer must be effective on the 1st of the transfer month.

- a. Barrels that are subject to a Crude Title Transfer on the first day of a month must have CACs for the month, or
- b. A disposition schedule must be submitted and tentatively approved by LOOP by the 25th of the month prior to the transfer month.
 - i. The transferee receiving LOOP Sour crude oil that will be delivered out of LOOP Sour Storage in the transfer month shall have until the last day of the transfer month to deliver LOOP Sour crude oil out of LOOP Sour storage at no additional fee. Barrels that are not already in LOOP Sour Storage on or before the 25th of the month prior to the transfer month must have CACs for the transfer month.
 - ii. If the transferee fails to obtain LOOP's approval of its disposition schedule, LOOP may not execute the Crude Title Transfer.
 - iii. After the first day of the transfer month, if an approved disposition plan is not followed by the transferee, the transferee must acquire CACs to avoid incurring penalty charges.

3. All other terms and conditions regarding Crude Title Transfers apply.