PUBLIC VERSION

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

FEDERAL TRADE COMMISSION RECEIVED DOCUMENTS SEP 17 SECRETARY

In the Matter of	)	
Conoco Inc.,	)	
a corporation,	)	
	)	Docket No. C-4058
and	)	File No. 021-0040
	)	
Phillips Petroleum Company,	)	
a corporation.	)	
	)	

PETITION OF CONOCOPHILLIPS FOR APPROVAL OF PROPOSED DIVESTITURE OF THE PROPANE BUSINESS

Pursuant to Section 2.41(f) of the Federal Trade Commission ("Commission") Rules of Practice and Procedure, 16 C.F.R. § 2.41(f) (2002), and Paragraph IV.B. of the Decision and Order contained in the Agreement Containing Consent Orders accepted for public comment in this matter ("Decision and Order"), ConocoPhillips hereby petitions the Commission to approve the divestiture of the Propane Business (as such term is defined in the Decision and Order) to NGL Supply, Inc. or a wholly-owned subsidiary of NGL Supply, Inc. ("NGL Supply") and the related agreements required by Paragraph IV.D. of the Decision and Order.

Background

On August 2, 2002, Conoco Inc. ("Conoco") and Phillips Petroleum Company ("Phillips") (individually and collectively, "Respondents") executed an Agreement Containing Consent Orders that included the Decision and Order and an Order to Hold Separate and Maintain Assets (collectively, the "Consent Agreement") to settle the

Commission's charges that the proposed merger of Conoco and Phillips, if consummated, would violate Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18. On August 30, 2002, the Commission accepted the Consent Agreement for public comment, and Conoco and Phillips thereafter consummated their merger, thereby forming a new entity, ConocoPhillips.[1] The Consent Agreement is presently before the Commission for final approval and issuance of the orders contained therein.

Because this petition and its attachments contain confidential and competitively sensitive business information relating to the divestiture of the Propane Business – the disclosure of which may prejudice ConocoPhillips and NGL Supply, cause harm to the ongoing competitiveness of the Propane Business, and impair ConocoPhillips' ability to comply with its obligations under the Consent Agreement – ConocoPhillips has redacted such confidential information from the public version of this petition and its attachments. Pursuant to Sections 2.41(f)(4) and 4.9(c) of the Commission's Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(4) & 4.9(c) (2002), ConocoPhillips requests that the confidential version of this petition and its attachments and the information contained herein be accorded confidential treatment. The confidential version of this petition should be accorded such confidential treatment under 5 U.S.C. § 552 and Section 4.10(a)(2) of the Commission's Rules of Practice and Procedure, 16 C.F.R. § 4.10(a)(2) (2002). The confidential version of this petition is also exempt from disclosure under Exemptions 4, 7(A), 7(B), and 7(C) of the Freedom of Information Act, 5 U.S.C. §§

[1] After the merger, Conoco and Phillips remain as corporate entities, but both are now wholly-owned subsidiaries of and included within ConocoPhillips.

552(b)(4), 552(b)(7)(A), 552(b)(7)(B), & 552(b)(7)(C), and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a(h).

ConocoPhillips desires to complete the proposed divestiture of the Propane Business and enter into the other required agreements as soon as possible, following Commission approval thereof, and in any event no later than November 1, 2002. Prompt consummation will further the purposes of the Decision and Order and is in the interests of the public, NGL Supply, and ConocoPhillips, because it will allow NGL Supply to move forward with its business plans for the competitive operation of the Propane Business. ConocoPhillips accordingly requests that the Commission promptly commence the period of public comment pursuant to Section 2.41(f)(2) of the Commission's Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(2) (2002), limit the public comment period to the customary 30-day period, and grant this petition by approving the divestiture of the Propane Business to NGL Supply and the execution and initiation of the other required agreements as soon as practicable after the close of the public comment period.

I. The Agreements Are Final and Consistent with the Decision and Order's Terms

Paragraph IV of the Decision and Order requires Respondents to divest the Propane Business and enter into related supply and operating agreements by January 15, 2003. Pursuant to this requirement, Respondents have diligently sought a buyer that would be acceptable to the Commission and negotiated all appropriate agreements. On September 6, 2002, Phillips and Phillips Pipe Line Company ("PPL," a wholly owned subsidiary of Phillips) entered into an Asset Purchase and Sale Agreement (the "Sale Agreement") with NGL Supply, which requires Phillips and PPL to sell the Propane Business to NGL Supply, operate the Propane Terminal Assets (as such term is defined in the Decision and Order) on NGL Supply's behalf, and supply propane at the Propane Terminal Assets to NGL Supply for a period of ten (10) years. The Asset Purchase and Sale Agreement, which incorporates by attachment a Long Term Propane Supply Agreement (the "Supply Agreement"), a Propane Business Operating and Maintenance Agreement (the "Operating Agreement"), and a Storage Space Lease (the "Storage Lease"), is attached, along with a Letter Agreement, at Confidential Attachment A (collectively, the "Agreements").

The Agreements with NGL Supply both individually and collectively comply with the requirements of Paragraph IV of the Decision and Order:

A. Paragraphs IV.A. and IV.B. require that Respondents divest the Propane Business to a single acquirer. Pursuant to the Agreements, NGL Supply will acquire the Propane Business, which includes the Propane Terminal Assets, the supply contracts between Phillips and its propane customers, to the extent they relate to the supply of propane at Jefferson City, Missouri, and East St. Louis, Illinois, and the records and data related thereto. See Sale Agreement . Furthermore, Phillips has granted NGL Supply general rights to access the Propane Terminal Assets, see Operating Agreement , and to use common assets owned by PPL at the terminals that support the propane operations, see Sale Agreement ; Operating Agreement , and has agreed to operate, maintain, and repair such common assets in its capacity as operator of the Propane Terminal Assets. See Operating Agreement .

B. Paragraph IV.C.1. requires that Respondents ensure that the acquirer of the Propane Business has access to the Blue Line, the Shocker Line, and the Shocker Station to ship propane to the Propane Terminal Assets on the same terms as any similarly situated shipper.

Through the Agreements, PPL has committed to ensuring such continuing access for NGL Supply. See Supply Agreement ; Operating Agreement .

C. Paragraph IV.C.2. requires that Respondents not impede, deter, delay, prevent, or otherwise inhibit, directly or indirectly, the acquirer of the Propane Business from shipping propane to the Propane Terminal Assets on the Blue Line or the Shocker Line. Through the Agreements, PPL has committed to preventing such obstructions to NGL Supply's ability to ship propane to the Propane Terminal Assets. See Supply Agreement ; Operating Agreement .

D. Paragraph IV.C.5. requires that Respondents file for and make reasonable efforts to obtain FERC approval for a published tariff rate for the seasonal transport of propane from East St. Louis, Illinois, to Jefferson City, Missouri. On August 23, 2002, PPL filed a tariff under the form FERC No. 531, "Local and Proportional Pipe Line Tariff No. 96-L," which establishes a seasonal westward tariff rate as required by the Decision and Order. This filing did not seek market-based rates. The new tariff rate took effect on September 1, 2002. See Attachment B.

E. Paragraph IV.C.6. requires that Respondents provide the acquirer of the Propane Business an unqualified right to expand the propane storage and throughput capacity of the Propane Terminal Assets within a defined area agreed to by Respondents and the acquirer. Phillips and PPL have agreed to grant NGL Supply the absolute right to increase the propane storage and throughput capacity of the Propane Terminal Assets within the negotiated Easements at Jefferson City and East St. Louis, which right shall remain in effect without limitation as to time.

See Sale Agreement

; Operating Agreement .

F. Paragraph IV.D.1. provides that Respondents shall enter into a propane supply contract with the acquirer of the Propane Business that contains certain provisions and terms. As stated above, Phillips and PPL have negotiated a Long Term Propane Supply Agreement with NGL Supply, which is referenced in and attached to the executed Sale Agreement. See Supply Agreement.

See Sale Agreement .

G. Paragraph IV.D.1.a. provides that the propane supply contract shall include an option to purchase or acquire propane through exchanges in an amount of up to no less than the capacity of the Blue Line and the Shocker Line, to be delivered to either the Jefferson City, Missouri, or East St. Louis, Illinois, terminals.

H. Paragraph IV.D.1.b. provides that the propane supply contract shall include a restriction on the scheduling and undertaking of regular maintenance on the Blue Line, the Shocker Line, or the Shocker Station from November 1 to March 1, with certain exceptions for legally required maintenance, maintenance that does not shut or slow down the facilities, and maintenance that does not impede the acquirer's access to the facilities. In the Supply Agreement, PPL agrees not to undertake regular maintenance between , with exceptions for legally required maintenance, maintenance that does not affect or impede NGL Supply's access to the pipelines, and non-routine or emergency maintenance. See Supply Agreement .

I. Paragraph IV.D.1.c. provides that the propane supply contract shall contain a propane purchase price no greater than the weekly average Conway OPIS spot price plus published tariff rates for transportation of propane from Conway, Kansas, to the terminals. of the Supply Agreement, which apply to propane sales, and , which apply to propane exchanges, comply with the requirements of Paragraph IV.D.1.c.

J. Paragraphs IV.D.1.d. and IV.E. provide that the propane supply contract shall contain procedures and protections preventing the disclosure of certain non-public propane information to certain personnel. The Supply and Operating Agreements control the disclosure of confidential information received by Phillips and PPL in the course of supplying propane to NGL Supply. See Supply Agreement ; Operating Agreement .

K. Paragraph IV.D.1.e. provides that the propane supply contract shall contain a dispute resolution mechanism, to be invoked at the acquirer's option. The Supply Agreement contains arbitration and alternative dispute resolution procedures, which may be invoked at NGL Supply's option and protect the confidentiality of information exchanged during such procedures. See Supply Agreement .

L. Paragraph IV.D.2. provides that Respondents shall enter into an agreement whereby Respondents will operate the Propane Terminal Assets on behalf of the acquirer of the Propane Business, and that such operating agreement will contain certain provisions and terms. In conjunction with the sale of the Propane Business, PPL has negotiated a Propane Business

Operating and Maintenance Agreement, whereby PPL will continue to operate the Propane Terminal Assets on behalf of NGL Supply, which is referenced in and attached to the executed Sale Agreement. See Operating Agreement.

See Sale Agreement .

M. Paragraph IV.D.2.a. requires that the operating agreement shall provide for the maintenance, upkeep, repair, security, and operation of the Jefferson City, Missouri, and East St. Louis, Illinois, terminals consistent with standard industry practice. Pursuant to the Operating Agreement, PPL must operate the Propane Terminal Assets in good faith and in accordance with prudent industry practice and applicable laws. See Operating Agreement

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N. Paragraph IV.D.2.b. requires that the operating agreement shall include a dispute resolution mechanism, to be invoked at the acquirer's option. The Operating Agreement contains arbitration and alternative dispute resolution procedures, which may be invoked at NGL Supply's option and protect the confidentiality of information exchanged during such procedures. See Operating Agreement .

O. Paragraph IV.D.2.c. requires that the operating agreement shall include a fee for maintenance, upkeep, repair, security, and operation that is at or less than the actual costs of maintenance, upkeep, repair, security, and operation, and not calculated using Non-Public Propane Information.

See Operating Agreement .

P. Paragraph IV.E. requires that Respondents shall not provide, disclose, or otherwise make available Non-Public Propane Information to persons who are not Propane Support Personnel, except for the purpose of complying with certain of Respondents' obligations, nor shall Respondents' personnel disclose such Non-Public Propane Information. The Supply and Operating Agreements control the disclosure of confidential information received by Phillips and PPL in the course of supplying propane to NGL Supply and operating the terminals on its behalf. See Supply Agreement ; Operating Agreement

Q. Paragraph IV.F. requires that, before the Effective Date of Divestiture, Respondents shall provide fully independent and secure computer systems at the Propane Terminal Assets for exclusive use by the acquirer.

See Sale Agreement ; Operating Agreement . Paragraph IV.F. also requires that Respondents not retain or use any customer information relating to the supply of propane from the Propane Terminal Assets.

* * *

As demonstrated above and in the accompanying Agreements, Phillips, PPL, and NGL Supply have entered into agreements relating to the divestiture of the Propane Business that fully comply with the Commission's Decision and Order. Accordingly, ConocoPhillips hereby seeks Commission approval of the proposed divestiture -- along with the related Supply Agreement and Operating Agreement – pursuant to Paragraph IV.B. of the Decision and Order.

II. The Proposed Acquirer Will Be a Strong and Effective Bulk Supply Competitor

<u>Background</u>

NGL Supply is one of the oldest and most successful independent natural gas liquids marketing companies in the United States, with 35 years of experience serving customers in the Midwest, Great Plains and Northeast regions. NGL Supply was founded in 1967 as a wholesale supplier for a consortium of independent propane retailers along the then-newly constructed Mid-America Pipeline. In 1969, NGL Supply moved its headquarters from Iowa to Tulsa, Oklahoma, to focus better its marketing operations on the entire mid-continent supply area serviced from pipeline systems originating in Conway, Kansas. In 1971, NGL Supply opened a Houston area office to pursue bulk trading and wholesale marketing opportunities relating to those pipeline systems originating from the Gulf Coast region at Mont Belvieu, Texas. In 2000, NGL established an office in the Greater Kansas City area. Today, NGL Supply markets wholesale propane to customers located in 23 states.

NGL Supply is a highly sophisticated company with extensive knowledge and experience in nearly every facet of propane supply, marketing, and distribution (other than retail distribution). In 2001, NGL Supply sold more than of natural gas liquid products and generated revenues of more than . More than 75% of NGL Supply's total gas liquid sales volume consists of propane sales. Since its founding, NGL Supply has engaged in wholesale propane marketing operations that today include shipping and maintaining storage on the Williams/Mid-America, Kinder Morgan, Kaneb, Cochin and TEPPCO pipeline systems and supplying customers through both terminals and refineries. Over the last 30 years, NGL Supply has been responsible for the wholesale marketing of 100% of the propane output or throughput at various refineries and/or railcar terminal facilities on an annual contract basis. NGL Supply's wholesale marketing operations serve more than 500 customers at the national, regional, and medium-to-small independent retail company levels. In addition to wholesale marketing activities, NGL Supply has for more than 30 years engaged in sophisticated bulk trading and purchasing activities at the mid-continent's major propane commercial hubs in Conway and Mont Belvieu. Through these bulk trading and purchasing operations, NGL Supply supplies bulk amounts of propane to multi-state marketers, refiners, and petrochemical manufacturers located throughout the country.

The proposed divestiture of Phillips' Propane Business is an important strategic opportunity for NGL Supply because it provides NGL Supply critical bulk supply, storage and terminaling assets that complement NGL Supply's existing business activities. Purchasing the Propane Business will enable NGL Supply to provide bulk deliveries of propane directly to its own wholesale marketing operations through either Phillips' production or NGL Supply's bulk trading and purchasing activities, which will now be connected from the supply source to NGL proprietary terminals via the Shocker and Blue Lines. NGL Supply's sophistication and reputation in bulk trading and purchasing and wholesale marketing, combined with longstanding relationships with many of the same customers historically served from the Jefferson City and East St. Louis terminal facilities, will ensure that NGL Supply will maintain the Propane

Business as a strong and viable competitor in the bulk supply markets identified in the Commission's Complaint.

Financial Capability

NGL Supply has the financial capability and stability both to purchase the Propane Business assets and to ensure the continued use of those assets as a viable, ongoing business.

NGL Supply has a strong history of success in securing financing.

In addition to having the resources to finance the acquisition and working capital needs of the acquired Propane Business, NGL Supply possesses as great an incentive as Phillips (if not greater) to invest and compete vigorously in the bulk supply and marketing of propane. In light of the competitive cost structure afforded by NGL Supply's options under the Agreements and NGL Supply's ability to use the acquired terminal assets to connect its bulk trading and purchasing capabilities with its wholesale marketing operations, NGL Supply is well-positioned to compete on price and service at the Jefferson City and East St. Louis terminals.

Operations Experience

NGL Supply has 35 years of experience in propane marketing within the Mid-Continent region. Its business consists primarily of two activities – wholesale marketing and bulk trading. The wholesale marketing operations include supplying more than 500 national, regional, and medium-to-small independent retailer customers located in 23 states. NGL has served its customers through both terminals and refineries throughout the country. Its bulk trading operations supply approximately 25 million barrels annually to large bulk purchasers, including chemical manufacturers, refiners, and multi-state marketers. NGL's senior management team, comprised of six individuals, has more than 145 years of collective experience in propane marketing.

NGL Supply has sufficient operating expertise to ensure the Propane Business's continued competitiveness. First, NGL Supply has extensive and sophisticated bulk trading and purchasing experience that will complement the sourcing and storage requirements of the Propane Business it is acquiring. Second, NGL Supply has broad wholesale marketing experience. It understands the needs of every form of retailer customer, from national operators to small independent dealers. NGL Supply's wholesale marketing sales team has nearly 130 years of collective experience serving customers needs (in addition to the senior management experience discussed above). Third, the breadth and depth of NGL Supply's existing customer relationships will enable a seamless transition of the Propane Business. In other geographic areas, NGL Supply has served many of the very same large retailer customers that purchase propane from Phillips at Jefferson City and East St. Louis, and in many cases these relationships have developed over the course of up to 25 years. Fourth, since 1971, NGL Supply has performed the wholesale marketing function for 100% of the output or throughput of several terminal facilities and refineries under special contracts with the facility operator. Thus, NGL Supply is well-experienced in the very same scheduling and other nuances involved in supplying customers out of a particular facility that will be required to compete effectively with the Propane Business assets. Even though Phillips will remain the operator of the propane terminals NGL Supply is acquiring, NGL Supply management experience includes more than ten years of operating and managing similar terminal facilities.

III. The Proposed Divestiture and Related Agreements Will Achieve the Purposes of the Decision and Order and Result in No Harm to Competition

The proposed divestiture of the Propane Business, as embodied in the Agreements, will achieve the purposes of the Decision and Order. NGL Supply is an experienced propane marketer, with an intimate knowledge of the bulk supply and wholesale aspects of propane sales and a strong reputation in the Mid-Continent region. As described above, NGL Supply has been serving retailer and wholesale propane customers for 35 years and possesses extensive facility-specific experience marketing propane output and throughput. The proposed divestiture marries NGL Supply's existing sophisticated bulk trading and purchasing capabilities and wholesale marketing expertise with a combination of supply, storage, pipeline, and terminal assets. Thus, NGL Supply will obtain the flexibility to source and deliver bulk supplies of propane in the same manner as other participants in the bulk supply market. The resulting combination of skill, experience, and assets will ensure that the objectives of the Commission's Decision and Order will be realized.

Moreover, the proposed divestiture will result in no harm to competition. NGL Supply is not one of the firms currently competing in each of the bulk supply markets defined in the Commission's Complaint. Consequently, there is no overlap between the operations of NGL

Supply and the Propane Business, and the proposed divestiture – including its ancillary supply and operation agreements – does not raise any competitive issues.

In sum, the proposed divestiture will remedy any anticompetitive effects that could result from the merger in the bulk supply of propane in the Commission's alleged geographic markets. The Agreements will achieve the Commission's stated purposes of "ensur[ing] the continued use of the Propane Business assets in the same business in which they were engaged at the time of the announcement of the proposed Merger," "establish[ing] a propane competitor with competitive costs," allowing NGL Supply "access to sources of propane from the market in Conway, Kansas," and "remedy[ing] the lessening of competition in the bulk supply and marketing of propane resulting from the proposed Merger, as alleged in the Commission's Complaint."

Conclusion

For the foregoing reasons, ConocoPhillips respectfully requests that the Commission approve the proposed divestiture of the Propane Business to NGL Supply, as embodied in the Agreements, as soon as practicable after expiration of the public comment period.

Respectfully submitted,

Ilene Knable Gotts
Nelson O. Fitts
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
(212) 403-1000

Counsel for ConocoPhillips

Dated: September 16, 2002

CONFIDENTIAL ATTACHMENT A

F.E.R.C. NO. 531
(Cancels F.E.R.C. No. 525)

PHILLIPS PIPE LINE COMPANY

LOCAL AND PROPORTIONAL PIPE LINE TARIFF NO. 96-L

(Cancels Local and Proportional Pipe Line Tariff No. 96-K)

APPLYING ON

PROPANE AND BUTANE

FROM	TO
Various Points in Illinois, Kansas, Oklahoma and Texas	Various points in Illinois, Indiana, Kansas, and Missouri

The rates named in this tariff are for the interstate transportation of Propane and Butane. Phillips Pipe Line Company will receive and deliver such Propane and Butane through its own pipelines, and not otherwise, subject to the rules and regulations contained herein.

Issued on 8 days' notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

The provisions published herein, will if effective, not result in an effect on the quality of the human environment.

ISSUED AUGUST 23, 2002

EFFECTIVE SEPTEMBER 1, 2002

Issued by
D. Ysebaert, President
PHILLIPS PIPE LINE COMPANY
252-E1 Adams Building
Bartlesville, Oklahoma 74004

Compiled by
M. B. Kelly, Rate Specialist
PHILLIPS PIPE LINE COMPANY
972 Adams Building
Bartlesville, Oklahoma 74004
Voice (918) 661-8427
Fax (918) 662-9636

RULES AND REGULATIONS		
ITEM NO.	SUBJECT	RULES & REGULATIONS
5 [W]	Definitions	"Carrier", as used in these rules and regulations, means and refers to Phillips Pipe Line Company. "Propane", as used in these rules and regulations, shall be a hydrocarbon product composed predominantly of Propane and shall conform to the definition of and specifications for "Commercial Propane" as contained in N.G.P.A. Publication 2140 (N.G.P.A. Liquefied Petroleum Gas Specifications and Test Methods) as revised in 1962 or later revisions. "Barrel", as used in these rules and regulations, means forty-two (42) United States Gallons. "Butane", as used in these rules and regulations, means and refers to a hydrocarbon product composed predominately of butane and isobutane and conforming to PPL Company NGL specification for Refinery Grade Butane (RGB). "LPG Product", as used in these rules and regulations, shall include Propane and Butane.
10	Minimum Tender	LPG Product of the required specifications shall be tendered for transportation in quantities of not less than 25,000 barrels from one consignor, consigned to one consignee.
15	Origin and Destination Facilities	LPG Product will be accepted for transportation only when the Shipper and the consignee have provided equipment and facilities, including storage facilities, satisfactory to Carrier for delivering such tenders to Carrier at origin at a pumping rate equal to the current rate of pumping and for receiving same without delay upon arrival at destination. Satisfactory evidence may be required by Carrier showing that necessary facilities are available for delivering shipments at origin and receiving shipments at destination before any obligation to furnish transportation shall arise.
20	Acceptance Free From Liens and Charges	LPG Product will be accepted for transportation only when free from all liens and charges.
25	Gauging, Deductions and Temperature Corrections	Prior to receipt, LPG Product may be gauged or tested by a representative of Carrier. LPG Product will be received and delivered on the basis of volume corrections for temperature from observed temperatures to sixty degrees (60°) Fahrenheit using the factors for specific gravity conversion and volume correction appearing in Table 34, ASTM-IP Petroleum Measurement Tables, ASTM Designation 1250 (latest revision). Propane will be received and delivered on the basis of volume corrections for compressibility in accordance with A.P.I. Standard No. 1101, Table II (latest revision). From the net LPG Product quantities so determined for acceptance, a further deduction of one-fourth of one percent (1/4 of 1%) will be made to cover evaporation and loss. The balance will be the net quantities deliverable.
30	Liability of Carrier	The Carrier shall not be liable for any delay in delivery or for any loss of LPG Product occasioned by war, invasion, hostilities, rebellion, insurrection, seizure or destruction under quarantine or customs regulations, or confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade. In the event of such loss each owner's share of the loss shall be in the same proportion as its share of the total quantity of the shipments involved in the loss, and each such owner shall be entitled to receive only so much of its share remaining after its due proportion of the loss is deducted. The Carrier shall compute the quantities of loss, and shall prepare and submit a statement to the owners showing the apportionment of the loss among the owners involved. The Carrier will not be liable for discoloration, contamination, or deterioration of LPG Product transported, unless such discoloration, contamination, or deterioration results from negligence of the Carrier in movement or handling of the LPG Product through the facilities of the Carrier. In the event of such damage, each owner's share of the damaged LPG Product shall be in the same proportion as its share of the total quantity of shipments involved, and each such owner shall be allocated only its proportionate share of damaged LPG Product. The Carrier shall prepare and submit a statement to the owners showing the apportionment of the damaged LPG Product among the owners involved.
35	Delivery at Destinations	Carrier shall notify the consignee of the arrival at destination of each shipment. Upon arrival at destination, the LPG Product will be delivered to the consignee through the facilities provided by the consignee. The consignee shall receive from Carrier's line without delay the LPG Product which has been transported to the destination point for its account.
40	Transit Privileges	Shipments of LPG Product may be stopped at points on Carrier's system, when facilities are provided by the Shipper or consignee. The local rate applying from point of origin to transit point shall be collected on all Propane moving under transit privileges. When LPG Product is reshipped, the Carrier shall collect transportation charges based on the difference between the rate paid to the transit point and the rate applicable from the original point of origin to the final destination lawfully in effect on the date of original shipment.

RULES AND REGULATIONS - Continued		
ITEM NO.	SUBJECT	RULES AND REGULATIONS
45	Diversion or Reconsignment	If no out-of-line or backhaul movement or interference with shipping sequence is required, diversion or reconsignment may be made without charge, provided notice is given not less than forty-eight (48) hours before scheduled arrival at original destination, subject to the rates and regulations so provided in this tariff.
50	Pipeage Contact Required	Separate pipeage contracts in accord with this tariff and these regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise.
55	Claims, Time For Filing	As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) months after delivery of the LPG Product or in case of failure to make delivery, then within (9) months after a reasonable time for delivery has elapsed. Suit shall be instituted against Carrier only within two (2) years and one (1) day from the day that notice is given in writing by Carrier to the claimant that Carrier has disallowed the claim or any part of parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.
60	Transportation Charges	Transportation charges will be assessed and collected by the Carrier at the rates named herein on the basis of the quantity actually delivered at destination after deductions and corrections as provided for herein. All applicable charges hereunder are payable in United States currency. The payment of transportation and all other lawful charges accruing on LPG Product accepted for transportation shall on demand be paid before the release of said LPG Product from the custody of Carrier. If required, charges shall be prepaid at point of origin. Carrier shall have a lien on all LPG Product in its possession belonging to the Shipper or consignee to secure the payment of all unpaid lawful charges due from such Shipper or consignee and may withhold such LPG Product from delivery until all such unpaid charges have been paid.
65	Apportionment When Tenders Exceed Capacity	Subject to Item 85 herein, when there is tendered to Carrier, for transportation, a quantity of LPG Product greater than can be currently transported, the transportation furnished by Carrier shall be apportioned among all Shippers in proportion to the amounts tendered by each; provided, no tender for transportation shall be considered beyond the amount which the Shipper requesting the shipment will have on hand accessible to and ready for shipment by Carrier.
70	Application Of Intermediate Rates	The rates published in this tariff apply from established receiving stations of the Carrier to the established delivery station at or near points named. From any point not named in this tariff which is intermediate to a point from which rates are published herein through such unnamed point, apply from such unnamed point the rate from the next more distant point. To any point not named in this tariff which is intermediate to a point to which rates are published herein, apply to such unnamed point the rate to the next more distant point.
75	Quantity And Testing	LPG Product tendered for shipment hereunder shall be free of any dissolved water, sediment, or other foreign materials. At Carrier's request, Shipper shall furnish Carrier with a certificate setting forth the test analysis of each shipment of LPG Product delivered into Carrier's pipeline. Shipper shall indemnify and save Carrier harmless from any loss sustained by other Shippers, or by the Carrier by reason of contamination, or damage to other LPG Product in Carrier's custody or by reason of damage to Carrier's pipeline or other facilities caused by failure of the materials accepted for transportation to be LPG Product as prescribed in this item. Carrier may sample and test any such shipment prior to acceptance or during receipt and in the event of variance between Shipper's certificate and Carrier's test, the latter shall prevail. When requested, Carrier will furnish the Shipper a certified sample of sufficient volume to enable the Shipper to check the accuracy of the Carrier's analysis. Carrier reserves the right to reject any LPG Product into the pipeline, when a sample obtained at the point of origin is found to deviate from the Shipper's certificate of laboratory analysis.

RULES AND REGULATIONS - Concluded		
ITEM NO.	SUBJECT	RULES AND REGULATIONS
80	Odorization	(a) As an accommodation to Shippers, Propane loaded and delivered into tank trucks, tank cars, and piping or storage of others shall be odorized with ethyl mercaptan unless, (1) as provided in (b) below, Carrier is instructed in writing by Shipper not to odorize specific deliveries, or (2) Shipper makes arrangements satisfactory to Carrier for the use of another odorant. (b) If Shipper desires that specific deliveries of Propane not be odorized, Shipper shall furnish Carrier written instructions that such delivery or deliveries are not to be odorized. At the same time, Shipper shall furnish a certification that odorization is not required by any applicable law, rule or regulation or by applicable standards for prudent operation as to or in connection with the purposes and uses to be made of Shipper's Propane. (c) Shipper acknowledges and represents that it is knowledgeable about the chemical and physical properties and limitations, storage, use, and handling or odorant and Propane, whether odorized or unodorized. Shipper further acknowledges that odorant can fade over a period of time, or fade if subjected to certain metal or conditions of metal and may therefore be undetectable. Shipper represents and warrants it has provided its consignees such information and warnings, as it believes necessary for proper and safe use of its Propane. (d) Shipper shall defend, indemnify and hold Carrier harmless from all loss, cost, claims, damages, suits, liability and expense (including, but not limited to costs and reasonable attorney's fees) arising out of or related (1) Carrier's selection of ethyl mercaptan or other odorant; (2) Carrier's odorization of the Propane; (3) odorant fade after delivery to Shipper or its consignee; (4) inaccuracy of Shipper's certification required by paragraph (b) above; (5) Shipper's choice or use of an odorant other than ethyl mercaptan in accordance with (a) above; or (6) failure or alleged failure of Shipper or its consignee to handle unodorized Propane delivered to them by Carrier in a prudent manner. This indemnification, as stated above, shall extend to all claims against Carrier for product liability, or breach of warranty or negligence of Carrier (with the exception of Carrier's failure to utilize ethyl mercaptan or other odorant mutually acceptable to Shipper and Carrier or Carrier's failure to inject at least the quantity of such odorant specified under the applicable National Fire Protection Association Code.) (e) Propane movements covered under Item No. 40 Transit Privileges will not be odorized by Carrier.
85 (W)	Seasonal Routing	This pipeline system contains a bi-directional section between Wichita and Indiana Harbor (East Chicago). Due to seasonal demand for capacity, the primary direction service offered on this section is reversed seasonally. Secondary direction service will be provided on this section in a given month only when, and to the extent that, all volumes of LPG Product nominated for movement in the primary direction on such section can be accepted by Carrier without apportionment and there is sufficient remaining capacity to provide such secondary direction service. In determining whether sufficient capacity exists to provide secondary direction service, the following adjustments will be made. Capacity will be decreased by an amount equal to the hourly capacity multiplied by the number of hours that are unavailable for shipments because of the reconfiguration required by reversals. Capacity will be increased by the amount, if any, of volume that is delivered using substitution of like products, and not requiring physical movement. **Section** / **Months** / **Primary Direction** Wichita - Indiana Harbor / August 16th - March / East Indiana Harbor - Wichita / April – August 15th / West Requests for secondary direction service must be made by the 15th day of the calendar month preceding the calendar month during which secondary direction service is requested. Shippers requesting secondary direction service will be notified of Carrier's ability to provide such service by the 25th day of the calendar month preceding the calendar month during which such service is requested.
86	Line Fill Requirements	Each Shipper shall be required to supply a pro rata share of LPG Product necessary for pipeline and tankage fill to ensure efficient operation of the pipeline system. LPG Product furnished pursuant to this Item No. 86 will only be returned to Shipper after such Shipper has ceased shipping and after a reasonable period of time to allow for administrative and operational requirements associated with the withdrawal of such LPG Product. Each Shipper desiring to ship butane from East St. Louis to Wichita shall be required to supply sufficient propane linefill to push the butane to Wichita. This linefill shall be returned to Shipper in East St. Louis within 30 days of completion of the butane delivery at Wichita. Alternatively, Shipper may elect to receive the propane linefill at Wichita, KS. Such an election must be made prior to the beginning of the butane transportation. Any such movement of propane linefill from East St. Louis to Wichita shall be subject to the rates, rules and regulations contained herein.

ITEM NO. 90

Rates for the interstate transportation of Propane.

All Rates are unchanged except as otherwise noted.

FROM	TO	RATE IN CENTS PER BARREL
Borger, Texas	Chatsworth, Illinois (MAPCO)	192.71
	Conway, KS	45.43
	Decatur, Illinois	187.78
	E. St. Louis, Illinois	141.34
	Indiana Harbor, Indiana	205.95
	Jefferson City, Missouri	106.00
	Paola, Kansas	79.76
	West Kankakee, Illinois	220.09
	Wichita, Kansas	30.29
E. St. Louis, Illinois	Wichita, Kansas	102.98
	El Dorado, Kansas	102.98
	Jefferson City, MO	45.00 [N]
El Dorado, Kansas	Chatsworth, Illinois (MAPCO)	143.36
	Decatur, Illinois	138.31
	E. St. Louis, Illinois	97.93
	Indiana Harbor, Indiana	160.52
	Jefferson City, Missouri	74.71
	Paola, Kansas	49.47
	West Kankakee, Illinois	145.38
Indiana Harbor, Indiana	Chatsworth, Illinois	54.51
	Decatur, Illinois	65.41
	E. St. Louis, Illinois	74.32
	Jefferson City, Missouri	137.76
	Paola, Kansas	195.24
	West Kankakee, Illinois	28.26
	Wichita, KS	237.85
Kingman, Kansas	Chatsworth, Illinois (MAPCO)	186.66
	Decatur, Illinois	183.74
	E. St. Louis, Illinois	143.36
	Indiana Harbor, Indiana	196.87
	Jefferson City, Missouri	119.13
	Paola, Kansas	81.77
	West Kankakee, Illinois	188.79
	Wichita, Kansas	51.49
Wichita, Kansas	Chatsworth, Illinois (MAPCO)	148.32
	Decatur, Illinois	141.34
	E. St. Louis, Illinois	116.10
	Indiana Harbor, Indiana	165.57
	Jefferson City, Missouri	76.73
	Paola, Kansas	52.50
	West Kankakee, Illinois	196.87

ITEM NO. 95

Rates for the interstate transportation of Butane.

FROM	TO	RATE IN CENTS PER BARREL
East St. Louis, Illinois	Wichita, Kansas	169.61
Wichita, Kansas	East St. Louis, Illinois	169.61

EXPLANATION OF ABBREVIATION AND REFERENCE MARKS

[N] New Rate

[W] Change in wording only.

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