

**OPEN SEASON
PROCEDURES AND DOCUMENTS**

**Proposed by:
STATELINE CRUDE, LLC**

I. PURPOSE OF THE OPEN SEASON

Stateline Crude, LLC (“Carrier”) is conducting this Open Season (“Open Season”) to solicit binding long-term contractual commitments for its crude petroleum transportation project described below (the “Project”). Carrier is a wholly-owned subsidiary of Catalyst Midstream Partners, LLC, a joint venture between affiliates of WPX Energy Inc. and Howard Energy Partners, LLC.

II. PROJECT SUMMARY

Carrier is in the process of constructing a pipeline, of various diameters, which is depicted in the map on the following page, with an expected in service date in the second quarter of 2018, which is comprised of three segments (the “Stateline Pipeline”). This Open Season is being held by Carrier to solicit interest in the Stateline Pipeline, which will provide transportation service for crude petroleum from the receipt point(s) to the delivery point(s) set forth in Attachment A. The transportation services being offered in the Open Season (“Transportation Services”) will be provided under a tariff offered by Carrier.

Up to ninety percent (90%) of the available Project capacity will initially be reserved for shippers making commitments during this Open Season and at least ten percent (10%) will remain open for uncommitted shippers.

A map of the Stateline Pipeline as currently contemplated is included below.

[See attached Stateline Pipeline map]

III. KEY TERMS APPLICABLE TO OPEN SEASON COMMITMENTS

This Open Season provides potential shippers with the opportunity to make a volume commitment for the Transportation Services for a minimum five (5) year term at the rates being offered by Carrier (the “Offered Rates”), as those rates are set forth in Carrier’s proposed Throughput and Deficiency Agreement (“T&D Agreement”). This Open Season also provides potential shippers with the opportunity to dedicate volumes produced from a specified dedicated area for the Transportation Services for a minimum ten (10) year term at the Offered Rates, as set forth in Carrier’s proposed Crude Petroleum Dedication and Transportation Agreement (“CPDTA”) (together with T&D Agreement, “Committed Shipper Agreements”). The level of Offered Rates available to each shipper that executes a Committed Shipper Agreement (“Committed Shipper”) will be at least \$0.01 higher than the rates paid by uncommitted shippers. Carrier reserves the right to establish new receipt points not set forth on Attachment A and Committed Shippers will have the ability to obtain service from such receipt points under the Committed Shipper Agreements. A shipper has already agreed to the terms set forth in the CPDTA, demonstrating that there is a need for the Project and financial support for it. Carrier offers the same terms to other interested potential shippers willing to dedicate comparable acreage, as well as the ability to become a Committed Shipper through a volume commitment as an alternative.

IV. OPEN SEASON DOCUMENTS

This Notice of Open Season (“Notice”) and the Confidentiality Agreement (“CA”) are publically available on Carrier’s website. In addition, the pro forma Committed Shipper Agreements, FERC Rules and Regulations Tariff, and FERC Rates Tariff also constitute Open Season Documents, and will be made available on Stateline’s secure website only to prospective shippers that execute (electronically or otherwise) the terms of the CA. Additional Open Season Documents may be posted throughout the Open Season on Stateline’s secure or public website. Stateline will commence confidential discussions with prospective priority shippers only upon execution of the CA.

The Open Season will be conducted in accordance with these Open Season Procedures and the Open Season Documents, which are incorporated herein by reference. Notices of changes to the Open Season Procedures and Open Season Documents, if any, will be posted directly to the Carrier’s website:

www.statelinepipeline.com

No further notice will be given except as explicitly provided elsewhere in these Open Season Procedures and Open Season Documents.

V. PROCESS

The Open Season will commence on December 8, 2017 and will close on January 8, 2018. Potential shippers that wish to become Committed Shippers must execute and submit two completed originals of Carrier’s Committed Shipper Agreement to Carrier no later than 4:00 p.m. Central Standard Time on January 8, 2018. Any executed Committed Shipper Agreements received after that deadline will be considered only at the sole election of Carrier. Carrier, at its

option, reserves the right to extend the deadline for submission of executed Committed Shipper Agreements. A potential shipper that wishes to commit for the Transportation Services volumes it produces from a specified dedicated area must submit to Carrier adequate information for Carrier to evaluate future volume production projections in support of the shipper's requested Deemed Committed Volume, as such term is defined in the CPDTA. Carrier will perform such evaluation on a non-discriminatory basis.

If a potential Committed Shipper submits a Committed Shipper Agreement that has been altered or amended by the potential Committed Shipper in any way, other than by the insertion of the shipper's name, address, contact information, and other required information, Carrier shall have the right to reject such non-conforming Committed Shipper Agreement; if so rejected, such shipper would not be eligible for service as a Committed Shipper under its tendered non-conforming Committed Shipper Agreement.

Following the conclusion of the Open Season and based on shipper response to the Open Season, the Carrier shall notify potential Committed Shippers of its decision, made in its sole discretion, to: (1) close the Open Season or (2) extend the Open Season commitment period to attempt to secure additional shipper commitments to the Project ("Additional Commitment Period").

VI. EXECUTION OF COMMITTED SHIPPER AGREEMENTS BY CARRIER

After the close of the Open Season or any Additional Commitment Period, Carrier will accept the executed Committed Shipper Agreement by executing both originals and returning one original to the Committed Shipper. If a tendered Committed Shipper Agreement has not been executed by Carrier and returned to Committed Shipper within thirty (30) days following the close of the Open Season or Additional Commitment Period, if applicable ("Return Deadline"), that tendered Committed Shipper Agreement shall become null and void, and any rights or obligations relating to the Project on the part of the prospective Committed Shipper and Carrier shall be extinguished.

Should the total volume of requests for capacity by qualifying, potential Committed Shippers submitting executed Committed Shipper Agreements exceed ninety percent (90%) of the Project capacity being made available for commitments in this Open Season ("Available Capacity"), Available Capacity will be awarded to potential Committed Shippers from the highest net present value ("NPV") to the lowest NPV, based on the elections in Exhibit A to each executed Committed Shipper Agreement, including the volume commitments and Offered Rates elections by each potential Committed Shipper.¹ Should any qualifying potential Committed Shippers submit contract requests in Exhibit A to an executed Committed Shipper Agreement that are of equal NPV based upon these criteria, and should there be insufficient Available

$$NPV = \sum_{t=1}^T \frac{C_t}{(1+r)^t}$$

¹ The NPV formula is: $NPV = \sum_{t=1}^T \frac{C_t}{(1+r)^t}$, where NPV is the summation of the cash value of the contract commitment (either the Committed Volume for a T&D Agreement or the Deemed Committed Volume for a CPDTA) ("C") in each given time period ("t") discounted over the term of the T&D Agreement or CPDTA by the assumed discount rate ("r").

Capacity to meet such contract requests, capacity will be awarded to such Committed Shippers on a “pro rata” basis. Notwithstanding this NPV allocation, the level of Offered Rates for which each Committed Shipper qualifies will continue to be based on the Committed Shipper’s volume commitment in the Committed Shipper’s tendered Committed Shipper Agreement. If the volume level awarded to any Committed Shipper as a result of such NPV (or, if applicable, pro-rata distribution) is below the applicable minimum subscription level, then that Committed Shipper’s Committed Shipper Agreement may be rejected. Once the Available Capacity has been allocated among all Committed Shippers, Carrier will provide a revised Committed Shipper Agreement to each Committed Shipper for execution that reflects such Committed Shipper’s pro-rata share of the Available Capacity. Each Committed Shipper shall execute and return the revised Committed Shipper Agreement within ten (10) days of receipt.

In the event that the total volume of requests for capacity by qualifying, potential Committed Shippers submitting executed Committed Shipper Agreements exceeds ninety percent (90%) of the Available Capacity, Carrier reserves the right to build a larger pipe and revise the Open Season Procedures accordingly so that all interests may be accommodated.

Submission of a Committed Shipper Agreement executed on behalf of a potential Committed Shipper in the Open Season constitutes a firm offer by the Committed Shipper. Such offer may not be withdrawn or modified during the time period between the close of the Open Season, or Additional Commitment Period, if applicable, and the Return Deadline. A Committed Shipper Agreement, once executed and delivered by both parties, shall constitute a binding agreement, subject to its terms and conditions.

VII. ADDITIONAL OPEN SEASONS

If the aggregate volume commitments reflected in the executed Committed Shipper Agreements that result from this Open Season are less than the Available Capacity, Carrier reserves the right to hold an additional open season(s) prior to the in-service date of the Project to obtain volume commitments for the remaining Available Capacity. In any event, Carrier reserves the right to hold additional open season(s) with respect to the Project for any reason, including expansions of the Project. Commitments received in any such additional open season(s) will have no effect on the volume commitments reflected in the Committed Shipper Agreements executed by Committed Shippers and provided to Carrier at the end of this Open Season.

VIII. CREDIT REQUIREMENTS

Each potential Committed Shipper shall, prior to tendering a Committed Shipper Agreement, provide financial data sufficient for Carrier, in its sole discretion, to ascertain the Committed Shipper’s credit-worthiness and, if Carrier so determines, such financial assurance as may be requested by Carrier, which may be in the form of a letter of credit or a guaranty agreement, or such other security as may be acceptable to Carrier.

IX. REGULATORY SUPPORT

By executing a Committed Shipper Agreement, a Committed Shipper will be agreeing to support the Project and to take such actions as may be reasonably requested to assist in obtaining

the necessary regulatory and other approvals and authorizations, including FERC approval of the proposed Offered Rates and rules and regulations applicable to the Project. In addition, the Committed Shipper will agree to take no action that could delay consideration and approval of the Carrier's applications to FERC.

X. LIMITATIONS AND RESERVATIONS

The Project is subject to revision after the conclusion of the Open Season. Carrier further reserves the right, in its sole discretion, to modify any of the Open Season Procedures or Open Season Documents, including the Offered Rates, if necessary, as indicated by economic, sound engineering design, environmental, legal, or other factors.

Carrier reserves the right to terminate this process, in its sole and absolute discretion, at any time until all Committed Shipper Agreements returned to Carrier by potential Committed Shippers have been fully executed by both the Committed Shippers and Carrier.

These Open Season Procedures are intended to be used solely for the Project discussed herein.

These Open Season Procedures and the Open Season Documents are informal marketing materials and do not constitute an offer or establish any contractual relationship between or among Carrier and any party that receives them, or any of their affiliates.

XI. CONCLUSION

If you should have questions regarding any of the foregoing, please feel free to contact Carrier at any time at the contact information listed below.

Roy Patton
Chief Commercial Officer
210-298-2222
rpatton@howardep.com

EXHIBIT A to

Committed Shipper Agreement

Between [_____] as Shipper and

Stateline Crude, LLC as Carrier

Dated as of _____

Origin Point(s)	Destination Point(s)	Rate In Dollars Per Barrel
<p>Each Tank Battery and/or other point of connection located in Loving County, Texas at which Carrier is physically able to receive Crude Petroleum into Carrier's System.</p> <p>Committed Shipper ^{1., 2., 3.} 20-Year Acreage Dedication > 30,000 Acres <input type="checkbox"/></p> <p>10-Year Acreage Dedication > 5,000 Acres <input type="checkbox"/></p> <p>5-Year Volume Commitment > 20,000 Barrels/day <input type="checkbox"/></p>	<p>Stateline – Rangeland Interconnection <input type="checkbox"/></p> <p align="center">OR</p> <p>Stateline – Plains Pipeline Interconnection <input type="checkbox"/></p> <p>Loving County, TX</p>	<p align="center"><u>\$0.75</u></p> <p align="center"><u>\$0.85</u></p> <p align="center"><u>\$0.75</u></p>
<p>Covington Lease Tank Battery Blk 57 T1 Section 46 Reeves County, TX</p> <p>Committed Shipper <input type="checkbox"/> ^{1., 2., 3.}</p>	<p>Plains Pipeline 285N Station Reeves County, TX <input type="checkbox"/></p>	<p align="center"><u>\$0.29</u></p>
<p>Each Tank Battery and/or other point of connection located in Eddy, County, New Mexico at which Carrier is physically able to receive Crude Petroleum into Carrier's System.</p> <p>Committed Shipper ^{1., 2., 3.} 20-Year Acreage Dedication > 30,000 Acres <input type="checkbox"/></p> <p>10-Year Acreage Dedication > 5,000 Acres <input type="checkbox"/></p> <p>5-Year Volume Commitment > 20,000 Barrels/day <input type="checkbox"/></p>	<p>Stateline – Rangeland Interconnection <input type="checkbox"/></p> <p align="center">OR</p> <p>Stateline – Plains Pipeline Interconnection <input type="checkbox"/></p> <p>Loving County, TX</p>	<p align="center"><u>\$0.75</u></p> <p align="center"><u>\$0.85</u></p> <p align="center"><u>\$0.75</u></p>

Notes:

1. "Committed Shipper" means (i) a Shipper that has contracted for transporting a Committed Volume under a Throughput and Deficiency Agreement, or (ii) a Shipper that is subject to, or that is purchasing from a producer that is subject to, a Dedication and Transportation Agreement, with respect to production covered by such Dedication and Transportation Agreement. Crude Petroleum which is subject to a Dedication and Transportation Agreement and which is purchased from a Consignor (also referred to as the "Selling Shipper") and nominated for receipt under a Transportation Services Agreement is referred to herein as "Sold Crude Petroleum".

2. Sold Crude Petroleum. In the event that any Committed Shipper subject to a Dedication and Transportation Agreement ("Selling Shipper") sells to any other Shipper ("Upstream Purchaser") on the Pipeline any Dedicated Crude Petroleum, which is dedicated under a specific Dedication and Transportation Agreement of such Selling Shipper, at or upstream of any of the Receipt Points on the Pipeline and such Upstream Purchaser has such Crude Petroleum shipped on the Pipeline from such Receipt Points to one or more Delivery Point(s) (the "Sold Crude Petroleum") then: (A) Selling Shipper, as to such Sold Crude Petroleum, shall not be in breach of such Dedication and Transportation Agreement for not delivering such Sold Crude Petroleum under such agreement; (B) Selling Shipper shall have no obligations or liabilities under such Dedication and Transportation Agreement with respect to any such Sold Crude Petroleum, including any liabilities or payment obligations with respect to, derived from or attributable to such volumes of Sold Crude Petroleum; and (C) for the purposes of determining the applicable transportation rate charged to any Dedicated Crude Petroleum of such Selling Shipper (which is dedicated under such Dedication and Transportation Agreement) shipped hereunder by any Selling Shipper, all volumes of such Sold Crude Petroleum sold by such Selling Shipper shall be deemed to constitute volumes shipped on the Pipeline by such Selling Shipper.

3. For purposes of determining the applicable transportation rate to be charged under the Tariff for any Sold Crude Petroleum dedicated under a specific Dedication and Transportation Agreement with a specific Selling Shipper purchased by Shipper from such Selling Shipper and shipped in any month on the Pipeline, the following volumes shall be counted to determine total volumes of Crude Petroleum dedicated under such specific Dedication and Transportation Agreement: 1) all volumes of Dedicated Crude Petroleum transported under such Dedication and Transportation Agreement of such Selling Shipper; 2) all volumes of such Sold Crude Petroleum shipped by Shipper on the Pipeline; and 3) all volumes of such Sold Crude Petroleum purchased by any other Shipper(s) from such Selling Shipper and shipped by such Shipper(s) on the Pipeline (the sum being "DTA Monthly Total Volume"). All such Sold Crude Petroleum shipped by Shipper on the Pipeline shall be charged the same volume-based transportation rate as would be applicable to the DTA Monthly Total Volume.