

San Patricio Pipeline LLC

Compliance Policies and Procedures for FERC Standards of Conduct

Effective September 16, 2005

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**San Patricio Pipeline LLC
Compliance Policies and Procedures for
FERC Standards of Conduct**

San Patricio Pipeline LLC (SPP) is a holder of a certificate of public convenience and necessity issued by the Federal Energy Regulatory Commission (FERC). SPP adopts these Compliance Policies and Procedures for FERC Standards of Conduct (Compliance Policies) in order to conform to the requirements of 18 CFR section 358.4(d)(3). SPP has included in Appendix A a glossary of terms used in these Policies and Procedures.

At the present time, SPP does not have a tariff that is in effect and so, the provisions herein that relate to operations under the tariff will be applicable when SPP's tariff becomes effective.

At the present time, SPP does not have a gas sales or gas marketing function.

I. General Policies

1.1 SPP will treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis.

1.1.1 SPP will not operate its pipeline system to benefit preferentially an Energy Affiliate or Marketing Affiliate, as those terms have been defined by the FERC, and as described herein. The affiliates that SPP has determined are Energy Affiliates and Marketing Affiliates are identified on SPP's Internet website under "SPP Informational Postings."

1.1.2 SPP will apply its tariff provisions in a manner that treats all transmission customers in a non-discriminatory manner.

1.1.3. SPP will not give its Energy Affiliates or Marketing Affiliates unduly preferential treatment.

1.2 Persons employed by SPP that are engaged in transmission system operations will function independently from any person employed by SPP's Energy and Marketing Affiliates.

1.2.1 Neither SPP nor any employee of SPP shall use anyone as a conduit for sharing information about its own transmission system or the transmission system of another with a Marketing or Energy Affiliate. The foregoing shall not restrict SPP from sharing crucial operating information with its Energy Affiliates to maintain the reliability of the transmission system as permitted by FERC's Standards of Conduct.

1.2.2. SPP shall not permit employees of its Energy and Marketing Affiliates to: (i) conduct transmission system operations or reliability functions; and (ii) have access to the system control center or similar facilities used for transmission

operations or reliability functions that differs in any way from the access available to other SPP transmission customers.

1.2.3 Notwithstanding any of the foregoing, in emergency circumstances affecting system reliability, SPP may take whatever steps are necessary to keep its system in operation.

II. General Requirements and Restrictions – without limiting the obligation to adhere to the General Policies in Article I:

2.1 Employees of any SPP Energy and Marketing Affiliate may only receive SPP transmission function information that is publicly available (i.e., information already posted on SPP's website), and will not have access to any SPP transmission function information that is not already publicly available.

2.1.1 The employees of SPP's Energy and Marketing Affiliates, will not be permitted to obtain information about SPP's transmission system (including, but not limited to, information about available transmission capacity, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans or similar information) through access to SPP information that is not posted on SPP's website or that is not otherwise publicly available without restriction.

2.1.2 Neither SPP nor its employees will disclose to employees of SPP's Energy and Marketing Affiliates, any information concerning SPP's transmission system or non-public information about the transmission system of another (including, but not limited to, information received from non-affiliates or information about available transmission capacity, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans, or similar information) through non-public communications (conducted off SPP's website) or through access to information not posted on SPP's Website (not contemporaneously available to the public).

2.1.3 SPP will not share with employees of its Marketing or Energy Affiliates, any information acquired from nonaffiliated transmission customers or non-affiliated potential transmission customers, or information developed in the course of responding to requests for transmission or ancillary service received on its website, except to the limited extent such information is required to be posted on SPP's website in response to a request for transmission service or ancillary services.

2.1.4 If an employee of SPP discloses information in a manner contrary to any of the foregoing, SPP immediately will post such information on its website in accordance with the procedures set forth in these Compliance Policies.

2.1.5 Notwithstanding the foregoing, a non-affiliated transmission customer may consent to SPP sharing the non-affiliated customer's information with a Marketing or Energy Affiliate of SPP, but such consent must be voluntary, must

be memorialized in writing and may not be obtained in exchange for preferences, either operational or rate-related, from SPP.

2.1.6 The foregoing provisions do not require SPP to disclose SPP transmission function information to transmission customers or potential transmission customers, if such information relates solely to a Marketing or Energy Affiliate's specific request for transmission service.

2.2 Senior officers and Managers of SPP who do not engage in transmission functions, such as day-to-day duties and responsibilities for planning, directing, organizing or carrying out SPP's transmission-related functions and operations, also may have positions as officers and directors/LLC Managers of SPP's Marketing or Energy Affiliates.

2.2.1 The shared executives described in section 2.2 may not serve as a conduit for sharing transmission, customer or market information with a Marketing or Energy Affiliate.

2.3 SPP may share Support Employees and Field and Maintenance Personnel with its Energy Affiliates and Marketing Affiliates. Subject to limitations on their functions, Legal and Risk Management personnel may be Support Employees, as well.

2.4 SPP will provide training regarding FERC Standards of Conduct and these Compliance Policies and Procedures to: (i) each SPP employee with access to information about transmission, energy, power, gas or marketing functions, (ii) each of SPP's shared Support Employees except Field and Maintenance Personnel and certain other employees who have access to information regarding transmission, energy or gas functions, and (iii) such other persons as the Compliance Officer may determine should receive such training.

2.5 SPP will post each offer of a discount which SPP makes for any transmission service.

2.5.1 SPP will post each offer of a discount on its website contemporaneously with the time that the offer is contractually binding. The posting will include: the name of the customer; whether the customer is an affiliate or whether an affiliate is involved in the transaction; the rate offered; the maximum rate; the time period for which the discount applies; the quantity of gas scheduled to be moved; the delivery points under the transaction; and any conditions or requirements applicable to the discount. The posting will remain on SPP's website for 60 days from the date of posting.

2.6 SPP will not, through its tariffs or otherwise, prefer its Energy or Marketing Affiliates over any other wholesale customer in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).

2.6.1 SPP will strictly enforce all tariff provisions relating to the sale or purchase of open access transportation service, if the tariff provisions do not permit the use of discretion.

2.6.2 SPP will apply all tariff provisions relating to the sale or purchase of open access transportation service in a fair, impartial and non-discriminatory manner, if these tariff provisions permit the use of discretion.

2.6.3 SPP will process all similar requests for transportation in the same manner and within the same period of time.

2.6.4 SPP will maintain a written log detailing the circumstances and manner of any exercise of discretion under any terms of its tariff. The written log will remain available for FERC audit. The information contained in this log (confined to the date of the action and the type of discretion exercised) will be posted on SPP's website within 24 hours of when SPP exercises its discretion under any terms of its tariff without revealing the name of the customer.

2.6.5 SPP will post operational flow orders, available capacity or curtailments on its website.

III. Duties of Employees

3.1 The conduct of each employee of SPP (other than Field and Maintenance Personnel), and the conduct of each of SPP's shared Support Employees will conform to the requirements described in sections 3.1.1 through 3.1.18. Each such employee will:

3.1.1 Be familiar with the General Policies set forth in I above, these Compliance Policies and Procedures and FERC's Standards of Conduct.

3.1.2 Conform his or her conduct to the General Requirements and Restrictions set forth in II above to the Duties of Employees set forth in this Article III.

3.1.3 Participate in the course of training respecting the Standards of Conduct and these Compliance Policies and Procedures as required by the Compliance Officer and, in the instance of contractors and agents, as shall be required by the SPP officer contracting for their services. SPP officers will not contract for services with any third parties without consulting the Compliance Officer concerning procedures to be followed in respect of compliance with the FERC Standards of Conduct by such third parties.

3.1.4 Seek guidance regarding questions about conforming to Standards of Conduct and these Compliance Policies and Procedures from his or her supervisor.

3.1.5 Promptly report suspicion or knowledge of a breach of the Standards of Conduct or these Compliance Policies and Procedures to the Compliance Officer.

3.1.6 Keep in mind that a violation of these Compliance Policies is a serious matter, which will require corrective measures, ***and a cover-up of a violation will not be tolerated.***

3.1.7 Refrain from disclosing to employees of SPP's Energy and Marketing Affiliates, any non-public information concerning SPP's transmission system or the transmission system of another through non-public communications conducted off SPP's website.

3.1.8 Refrain from sharing with employees of SPP's Marketing or Energy Affiliates, any information acquired from nonaffiliated transmission customers or potential nonaffiliated transmission customers, or developed in the course of responding to requests for transmission or ancillary service received on SPP's website, except to the limited extent such information is required to be posted on SPP's website in response to a request for transmission service or ancillary services.

3.1.9 Communicate the specifics of any such disclosure under 3.1.8 or 3.1.9 to the Operations Officer, if there is no written consent from the customer or potential customer as described below.

3.1.10 In the event of a system emergency, take whatever steps are necessary to ensure system reliability, notwithstanding any non-conformity with these Compliance Policies.

3.1.11 In the event of activities described in 3.1.11 involving non-conforming behavior, immediately report the emergency and the non-conforming behavior to the Compliance Officer and to the Operations Officer.

3.1.12 If such employee's responsibilities do not include enforcing tariff provisions relating to the sale or purchase of open access transportation service, refer any such request to SPP's Operations Officer or to an employee charged with such responsibilities.

3.1.13 If such employee's responsibilities include enforcing tariff provisions relating to the sale or purchase of open access transportation service: (i) strictly enforce tariff provisions that do not permit the use of discretion; (ii) apply all such tariff provisions in a fair, impartial and non-discriminatory manner, if these tariff provisions permit the use of discretion; (iii) report any waiver of a tariff provision to the Operations Officer, immediately upon granting such waiver, using the form contained in Appendix B.

3.1.14 If such employee's responsibilities include processing requests for transportation service: (i) do so in the same manner and within the same period of time for all persons tendering such requests; (ii) do not, in any manner, prefer any SPP Energy and Marketing Affiliate over any other wholesale customer in matters relating to the sale or purchase of transmission service (including, but not limited

to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).

3.1.15 If the employee is a transmission function employee, work independently of any Energy and Marketing Affiliate.

3.1.16 If the employee is a shared risk management employee: (i) confine his or her functions to those expressly authorized by the Standards of Conduct; (ii) refrain from assessing creditworthiness of a particular customer under SPP's tariff; (iii) refrain from sharing customer information obtained from SPP with SPP's Marketing or Energy Affiliates; (iv) refrain from making decisions respecting the conduct of individual transactions with an unaffiliated customer for either SPP or an Energy Affiliate or Marketing Affiliate. The foregoing do not restrict a shared risk management employee from advising an Energy Affiliate whether a SPP customer has exceeded a corporate wide credit limit or has been downgraded, but does restrict such shared employee from providing information to an Energy or Marketing Affiliate on whether a customer of SPP is current on its service charges to SPP.

IV. Duties of Particular Officials

4.1 General Manager. SPP's General Manager is Hasham Mukadam. The General Manager has oversight responsibility for SPP operations and its employees.

4.2 Operations Officer. SPP's Operations Officer is Cameron LaBrache. The Operations Officer has the following responsibilities under the FERC Standards of Conduct and these Compliance Policies and Procedures:

4.2.1 Ensure that all tariff provisions relating to the sale or purchase of open access transportation service by SPP are strictly enforced, if the tariff provisions do not permit the use of discretion.

4.2.2 Ensure that all tariff provisions relating to the sale or purchase of open access transportation service by SPP are applied in a fair, impartial and non-discriminatory manner, if these tariff provisions permit the use of discretion.

4.2.3 Ensure that all similar requests to SPP for transportation are processed in the same manner and within the same period of time.

4.2.4 Maintain a written log detailing the circumstances and manner of any exercise of discretion under any terms of SPP's tariff. The written log will remain available for Commission audit.

4.2.5 Transmit the information contained in the log noted in 4.2.4 to the Website Content Manager within 10 hours of any such exercise of discretion under any terms of SPP's tariff.

4.2.6 Provide information regarding available capacity, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans or similar information respecting use or anticipated use of SPP to the Website Content Manager when such information becomes known.

4.2.7 Transmit to the Website Content Manager information respecting SPP's operational flow orders, available capacity or curtailments when they become known.

4.2.8 Ensure that employees of SPP's Energy or Marketing Affiliates are not permitted to: (i) conduct transmission system operations or reliability functions; or (ii) have access to the SPP system control center or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other transmission customers.

4.2.9 Transmit to the Website Content Manager each offer of a discount for any transmission service which SPP makes contemporaneously with the time that the offer is contractually binding.

4.2.10 Ensure that the information provided in 4.2.9 includes: the name of the customer involved in the discount and whether it is an affiliate of SPP or whether an affiliate of SPP is involved in the transaction; the rate offered; the maximum rate; the time period for which the discount would apply; the quantity of gas scheduled to be moved; the delivery points under the transaction; and any conditions or requirements applicable to the discount.

4.2.11 In the event of a disclosure described in Article III that requires posting is made by or reported to the Operations Officer, ensure that such information is timely provided to the Website Content Manager so that it may be posted on SPP's website.

4.2.12 Maintain a file of all consents (and amendments thereto and transfers, terminations and withdrawals thereof) of non-affiliated transmission customers that have voluntarily consented, in writing, to allow SPP to share the non-affiliated customer's information with a Marketing or Energy Affiliate, using the form shown in Appendix C or any other format with corresponding information, and provide a statement to the Website Content Manager that a customer has provided voluntary consent to the disclosure of information to an Energy or Marketing Affiliate, and that such consenting customer did not receive any preferences from SPP, either operational or rate-related, in exchange for such consent.

4.2.13 Ensure system reliability, consistent with these Compliance Policies and Procedures that permits sharing of crucial operating information with Energy Affiliates in order to do so.

4.2.14 Maintain a record of each employee engaged in the functions described in items (a) through (i) and inform each employee of his or her function.

- (a) employee whose responsibilities include enforcing tariff provisions relating to the sale or purchase of open access transportation service;
- (b) a transmission function employee;
- (c) a field employee;
- (d) a maintenance employee;
- (e) a supervisor of a field employee who participates in advance planning for facility closures, or shutting down facilities for economic reasons;
- (f) a clerical employee;
- (g) a SPP support employee; or
- (h) a risk management employee.

4.2.15 Maintain control over distribution to and return from employees of keys or other devices providing physical access to SPP's transmission function records and information to ensure that access to such records remains restricted to currently authorized personnel

4.2.16 Ensure that the IT Manager is notified to ensure that technology access is modified to reflect employee transfer.

4.3 Website Content Manager. A shared Support Employee is responsible for providing website maintenance services to SPP as set forth below. The Website Content Manager shall:

4.3.1 Ensure that the information contained on SPP's web site accurately reflects the information submitted for posting thereon by SPP pursuant to these Compliance Policies and Procedures. A summary of posting requirements is contained in Appendix D.

4.3.2 Within 7 days of receipt of information from the Compliance Officer regarding a determination that an affiliate is an Energy Affiliate or has ceased to be an Energy Affiliate, ensure that such information is reflected on SPP's website.

4.3.3 Within 24 hours of a system emergency in which a deviation from the Standards of Conduct has occurred, post notice on SPP's Internet website of the emergency that resulted in such deviation from the Standards of Conduct.

4.3.4 Ensure that within 7 days of the determination by the Compliance Officer that an affiliate has become an Energy Affiliate or a Marketing Affiliate, or has ceased to be such, that SPP posts specific information on its website, including respecting any changes to its Energy and Marketing Affiliates employees (and if service companies are used to provide employees, reflect the same in the organization chart), as follows:

- (a) the names and addresses of SPP's Energy Affiliates;
- (b) a complete list of the facilities SPP shares with any Energy Affiliates, including the types of facilities shared and their addresses;
- (c) comprehensive organizational charts showing the organizational structure of SPP's parent corporation with the relative position in the corporate structure of SPP and any Energy and Marketing Affiliates;
- (d) SPP's business units, job titles and descriptions, and chain of command for all positions, including officers and directors/LLC Managers, but not including clerical and Field and Maintenance Personnel, including each employee's title, the employee's duties and the name of the supervisory employees who manage non-clerical employees involved in transmission functions; and
- (e) for all employees who are engaged in transmission functions for SPP and are employed by any of SPP's Energy or Marketing Affiliates, the name of the business unit within the Energy or Marketing Affiliate, the organizational structure in which the employee is located, the employee's name, job title and job description in the Energy or Marketing Affiliate, and the employee's position within the chain of command of the Energy Affiliate.

4.3.5 Ensure that the date on which the information described in Paragraph 4.3.4 was posted is shown.

4.3.6 Ensure that information concerning potential merger partners is posted within seven days after the potential merger is announced.

4.3.7 Post entries to the log detailing the circumstances and manner of any exercise of discretion under any terms of SPP's tariff within 14 hours of receiving such information from the Operations Officer.

4.3.8 Ensure that notices of transfers of an employee between SPP and its Energy Affiliate or Marketing Affiliate are posted on SPP's website within seven days of the employee's transfer.

4.3.9 Ensure that a copy of the Compliance Policies and Procedures is posted on the SPP web site.

4.3.10 Ensure immediate posting of the following upon its receipt: information that was acquired from current or potential nonaffiliated transmission customers, or developed in the course of responding to requests for transmission or ancillary service on SPP's website that has been disclosed by any SPP employee to employees of any Energy Affiliate or Marketing Affiliate.

4.3.11 Ensure the continued posting on the SPP website for 60 days of each offer of a discount for any transmission service which SPP makes, contemporaneously with the time that the offer is contractually binding. The posting will include:

- (a) the name of the customer involved in the discount and whether it is an affiliate or whether an affiliate is involved in the transaction,
- (b) the rate offered; the maximum rate; the time period for which the discount would apply; the quantity of gas scheduled to be moved; the delivery points under the transaction; and any conditions or requirements applicable to the discount.

4.3.12 Post on SPP's website, information provided by the Operations Officer regarding available capacity, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans or similar information respecting use or anticipated use of SPP's pipeline. Such information will remain posted so long as it remains current and accurate.

4.3.13 Post on SPP's website, information respecting operational flow orders, available capacity and curtailments, when such information is provided by the Operations Officer.

4.3.14 Post on SPP's website, notice of any customer that has provided voluntary consent to the disclosure of information to an Energy or Marketing Affiliate, such fact, along with a statement by the Operations Officer that such consenting customer did not receive any preferences, either operational or rate-related, from SPP in exchange for such consent.

4.4 IT Manager. A shared Support Employee is responsible for providing Information Technology services for SPP as set forth below, including segregation and security of application systems and providing for separation and isolation of SPP data. The IT Manager shall:

4.4.1 Ensure that access to SPP-specific applications and related data is secure and isolated. Ensure that access to any shared applications and related data is secure. Manage the daily operations of any SPP applications.

4.4.2 Ensure that only approved SPP accounts will be provided with access to the SPP computer systems. The Compliance Officer will grant all approvals of access to the SPP computer systems to ensure the SPP information is not available to employees of SPP's Energy Affiliates or Marketing Affiliates.

4.4.3 Ensure that SPP is provided with restricted disk space for network storage purposes.

4.4.4 Ensure that backed up data and applications are secured in an off-site storage location.

4.5 Manager of Human Resources. A shared Support Employee is responsible for employee training and communications, transfers and facilities administration. The Manager of Human Resources shall:

4.4.1 Maintain records of transfers of employees between SPP and each SPP Energy Affiliate and Marketing Affiliate.

4.6 Records Officer. A shared Support Employee is responsible for providing services to SPP as set forth below. The Records Officer shall:

4.6.1 In consultation with the Compliance Officer, maintain SPP's books and records separate from those of its Energy and Marketing Affiliates as required by applicable FERC regulations, including FERC's Standards of Conduct.

4.6.2 Maintain SPP's books and records in conformity with FERC's applicable records retention requirements.

4.7 Compliance Officer. FERC's Standards of Conduct require SPP to designate a Compliance Officer. SPP's Compliance Officer is Bill Von Drehle, telephone: 713-215-7379, fax: 713-350-4783, email: bill_vondrehle@oxy.com. The Compliance Officer is responsible for ensuring SPP's compliance with the Standards of Conduct and for interpreting these Compliance Policies and Procedures. In particular the Compliance Officer shall:

4.7.1 Have ultimate responsibility for ensuring compliance with these Compliance Policies and Procedures, including by SPP employees under Article III and the particular persons charged with responsibility under Article IV.

4.7.2 Be responsible for employee training, determining which employees must be trained, answering employee questions about Standards of Conduct matters, coordinating audits and investigations with the Staff of the FERC and be the sole contact for inquiries directed to the FERC's Hotline soliciting guidance regarding permissible communications.

4.7.2(a) Ensure that each employee requiring training signs an affidavit attesting to: (i) the completion of such training, (ii) review of SPP's Compliance Policies and Procedures, and (iii) a commitment not to be a conduit for sharing transmission, market or customer information with a SPP Marketing or Energy Affiliate. A copy of the affidavit is included in Appendix E. A copy of the electronic certification of completion of a course of computer-based training also may be used.

4.7.2(b) Ensure that each employee of a SPP Energy Affiliate or Marketing Affiliate with access to SPP's transmission information is provided with a copy of the FERC's Standards of Conduct and these Compliance Policies and Procedures either in paper copy or electronically.

4.7.2(c) Ensure that as of the date these Compliance Policies and Procedures become effective, (or, for new employees, within 30 days of the commencement of their employment) each of SPP's employees with access to information about transmission, energy, power gas or marketing functions, and each of SPP's Support Employees, receive training regarding the Standards of Conduct, except that Field and Maintenance Personnel and certain other employees without access to information regarding transmission, energy or gas functions do not have to be trained as determined by the Compliance Officer.

4.7.2(d) Maintain a record of the employees of SPP Energy Affiliates and Marketing Affiliates provided with training materials, these Compliance Policies and Procedures and the FERC's Standards of Conduct.

4.7.2(e) Ensure that SPP Support Employees sign affidavits that they will not be a conduit for sharing transmission, market or customer information with a SPP Marketing or Energy Affiliate. A form of the affidavit is included in Appendix E, but any other affidavit with similar content may be used.

4.7.2(f) Ensure that employees transferred between SPP and any Energy Affiliate and Marketing Affiliate certify that their transfer shall not be used as conduits for information. The form of such certificate is included in Appendix F.

4.7.2 (g) Ensure that the employees transferred between SPP and any SPP Energy Affiliate or Marketing Affiliate are informed, by training and otherwise, that they may not be, or be used as, conduits for information from SPP to SPP's Energy and Marketing Affiliates.

4.7.3 Investigate each communication from an employee, officer manager or other person expressing a concern about compliance with the Standards of Conduct and these Compliance Policies and Procedures, whether through use of the FERC Hotline maintained for such purposes or direct communication with FERC, or otherwise, to determine the validity of each specific concern and take such corrective action as is necessary.

4.7.4 Maintain a file of each such expression of concern, the nature of the investigation undertaken and what, if any, corrective action was taken.

4.7.5 Determine those affiliates of SPP that are Energy Affiliates or Marketing Affiliates.

4.7.5(a) Transmit such determinations by written memorandum or e-mail to the Website Content Manager and all other officers of SPP within seven days of such determination.

4.7.5(b) Ensure that within seven days of the determination by the Compliance Officer that a SPP affiliate has become an Energy Affiliate or a Marketing Affiliate or has ceased to be such, that all employees of SPP receive notice of such determination.

4.7.5(c) Ensure that the list of Energy Affiliates and Marketing Affiliates is current and accurate.

4.7.6 Within 24 hours of a system emergency in which a deviation from the Standards of Conduct has occurred, communicate to the FERC notice of the emergency that resulted in such deviation from the Standards of Conduct.

4.7.7 Maintain a repository of the logs of visitors on SPP business to SPP's offices that house transmission function employees which logs shall be maintained by the receptionist for those facilities and ensure receipt by the Compliance Officer upon request. Such files shall be maintained for a period of three years.

4.7.8 In connection with any meetings called by a shareholder of SPP in which transmission function employees of SPP and employees of any SPP Energy Affiliate or Marketing Affiliate may be in attendance: require written agendas and minutes be prepared for such meetings, retain records of the same for a period of three years and participate in person or by telephone..

4.7.9 In the event FERC's Standards of Conduct change, implement conforming changes to these Compliance Policies and Procedures as may be required.

4.7.10 Review operations under these Compliance Policies and Procedures at least semi-annually to determine if revisions to these Compliance Policies and Procedures are warranted. The Compliance Officer will consider the views of the Operations Officer, the Website Content Manager, the IT Manager, the Director of Human Resources, the Records Officer and such additional advisors as the Compliance Officer shall determine are warranted.

- 4.8 **Accounting Manager.** A shared Support Employee is responsible for providing accounting support for SPP to ensure the accounting records of SPP are maintained according to GAAP and FERC requirements and the results of operations are accurately and timely presented to management.
- 4.9 **Financial Analysis Manager.** A shared Support Employee is responsible for providing analysis and work product for developing tariff cost of service.
- 4.10 **Legal Counsel.** Two shared Support Employees are responsible for providing traditional legal services and advice for SPP.
- 4.11 **Project Developer.** Two shared employees are responsible for planning organizing and developing the San Patricio Pipeline project to ensure successful design, implementation and completion of the project. These are not transmission function positions
- 4.12 **Construction Manager.** One shared employee is responsible for the engineering, procurement and construction of the San Patricio Pipeline Project. This is not a transmission function position.

V. **Implementing Procedures Respecting the FERC Standards of Conduct**

5.1 Physical Separation of Transmission Function Offices

5.1.1 During the development phase of SPP, SPP's offices will be configured as set forth in this Section 5. Within sixty (60) days prior to commencement of operations, SPP plans to re-organize its staffing and will relocate its offices to accommodate the functions required for an ongoing transmission operation. The reorganization will be fully compliant with FERC Standards of Conduct.

5.1.2 SPP's offices that house its Operations Officer and its books, records and files are physically segregated from the offices of any person employed by SPP's Energy and Marketing Affiliates. These offices are located at 10889 Wilshire Boulevard, Los Angeles, California.

5.1.3 Visitors on SPP business, including employees of SPP's Energy and Marketing Affiliates, will not be admitted to SPP's offices unless in the company of an SPP employee, after first having signed in through the receptionist employed by SPP located at the single access point to such offices. The receptionist will require permitted visitors to enter their name, business affiliation, person visited, date and time of visit on a "Visitors" log maintained by the receptionist and provided to the Compliance Officer at his direction.

5.1.4 SPP also has shared Support Employees who are located in offices on the 16th and 17th floors of 5 Greenway Plaza, Houston, Texas. These floors are also occupied by employees of Occidental Energy Marketing, Inc., Occidental Power Services, Inc., Occidental Power Marketing, L.P. and Occidental Energy Ventures Corp. all of which are Energy Affiliates of SPP. Support functions only will be conducted in the Houston offices and safeguards have been put in place, as described in this document, to ensure that there is no improper access to SPP information by employees of SPP's Energy and Marketing affiliates.

5.1.5 After regular business hours SPP employees will clear their desktops of any materials pertaining to SPP matters and will lock all SPP-related documents in their file cabinets before leaving the office.

5.1.6 SPP's field offices are currently only planned or actual construction sites.

5.2 Transmission Function Employees Employed by Energy Affiliates

5.2.1 Andrea Kunkel, Legal Counsel provides traditional legal services for SPP, and is Managing Counsel for Occidental Energy Marketing, Inc. providing legal services to that company and its affiliates, Occidental Power Services, Inc., Occidental Power Marketing, L.P. and Occidental Energy Ventures Corp. She reports to Donald de Brier, Executive VP and General Counsel, Occidental Petroleum Corporation.

5.2.2 Norberto Cane, Financial Analysis Manager for SPP is Financial Analysis Manager for Occidental Energy Ventures Corp, performing financial and operating analysis and financial modeling for that company. He reports to Irv Kowenski, President, Occidental Energy Ventures Corp.

5.3 Restrictions on Access to Computer Files

5.2.1 SPP's transmission function files stored on network drives and possibly within applications, shall be accessible only to SPP transmission function employees, shared Support Employees, shared Officers and Managers and clerical support staff.

5.2.2 Access will be restricted by and based on documented authorization provided by the Compliance Officer to the Website Content Manager to the Chief Information Office or his/her delegates.

5.4 Restrictions on Transmission Function Files

5.4.1 When not in use by SPP employees, shared Support Employees, SPP Officers and directors or other users authorized by the Compliance Officer, SPP's books, records and files shall be kept in the SPP offices in locked files whose access is limited to the custodians of such files or other shared Support Employee providing traditional legal services to SPP.

5.4.2 SPP transmission function employees are permitted to copy and remove SPP transmission function files from the SPP offices for permissible business purposes, subject to the condition that such employee maintain physical control of such files at all times while outside of SPP's offices.

5.4.3 Lawyers providing regulatory advice, litigation services and other traditional legal services are permitted to maintain their own files of such information, including in some cases duplicates of the SPP books and records, but such lawyers are required to keep such files in a secure location.

5.4.4 In the event a lawyer is engaged in transmission functions, the lawyer shall treat SPP files in the same manner as other SPP transmission function employees.

5.5 Training in Connection With Standards of Conduct

All transmission function employees, including contractors, consultants or agents of SPP who conduct SPP transmission system operations or reliability functions, including, but not limited to, those who are engaged in day-to-day duties and responsibilities for planning, directing, organizing or carrying out transmission-related operations, will be trained in compliance with the Standards of Conduct prior to commencing their duties and will provide a copy of the certification of completion to the Compliance Officer before the training completion deadline applicable to the individual employee's training. Each contractor, consultant or agent of SPP who completes the training course will provide a copy of the certification of completion to the SPP officer that has contracted for such work, which SPP officer will provide the certification to the Compliance Officer.

5.6 Access to System Control Center

Physical access to the system control will be restricted to authorized personnel only. No one other than an SPP employee shall be permitted to have access to such facilities unless they have checked in at a reception desk, entered their name, business affiliation, person visited, date and time of visit. Logs of such visits will

be maintained by the receptionist, collected at the end of every business day and retained in a file maintained by the Compliance Officer for this purpose for a period of three years. Notwithstanding any of the foregoing, in emergency circumstances affecting system reliability, SPP may take whatever steps are necessary to keep its system in operation.

5.7 Transmission Function Meetings

Meetings conducted by SPP transmission function employees in which transmission system operations or planning are to be discussed shall have a written agenda and a list of expected attendees provided in advance to the senior-most SPP company official (by title and responsibilities) expected to attend, who will determine if there is a potential violation of the Standards of Conduct or these Compliance Policies and Procedures resulting from by such meeting. If such senior official has any doubts, he or she will seek guidance from the Compliance Officer. If the meeting has appeared to be free of potential violations, but the content of the discussion changes and includes transmission system operations or planning, the senior-most SPP official present shall ask any Energy Affiliate or Marketing Affiliate employees present to leave. A written record of the meeting, its prior clearance and the outcome, including any unanticipated changes shall be provided to the Compliance Officer and retained for a period of three years. In the event an Energy Affiliate or Marketing Affiliate employee was asked to leave, the Compliance Officer shall be informed so that any appropriate action may be taken.

5.8 Corporate Meetings

When transmission function employees of SPP attend a meeting called by a shareholder or SPP officer, in which employees of any Energy Affiliate or Marketing Affiliate may be in attendance, the Compliance Officer should be informed and should determine if his or her presence is required and agendas and minutes of such meetings shall be retained and provided to the Compliance Officer.

5.9 Concerns About Violations of Standards of Conduct

Any employee or contractor concerned about any possible violation of the FERC Standards of Conduct or these Compliance Policies and Procedures by SPP, may communicate such concerns directly to the Compliance Officer in person, by phone or in writing. The Compliance Officer will investigate each such communication to determine whether it is valid and take such corrective action as is necessary. The Compliance Officer will maintain a file of each such expression of concern, the nature of the investigation undertaken and the corrective action taken.

Appendix A. Glossary Of Terms

For purposes of these Compliance Policies the words and phrases shown below will have the meanings shown:

Employed by

A person is considered employed by SPP if the person is an actual employee, an employee of an affiliate providing services to SPP, or if the person is a contractor, consultant or agent of SPP.

Energy Affiliate

An Energy Affiliate of SPP is an affiliate that (1) engages in or is involved in transmission transactions; or (2) manages or controls transmission capacity of a Transmission Provider; or (3) buys, sells, trades or administers natural gas or electric energy; or (4) engages in financial transactions relating to the sale or transmission of natural gas or electric energy. An Energy Affiliate may be an affiliate that is an intrastate or Hinshaw pipeline.

An Energy Affiliate does not include (i) a foreign affiliate that does not participate in U.S. energy markets; (ii) an affiliated Transmission Provider; (iii) a holding, parent or service company that does not engage in energy or natural gas commodity transactions or is not involved in transmission transactions in U.S. energy markets; or (iv) an affiliate that purchases natural gas or energy solely for its own consumption and does not use an affiliated Transmission Provider for transmission of natural gas or energy; (v) a state-regulated local distribution company that does not make any off-system sales; (vi) an affiliated pipeline that crosses or interconnects at the U.S. borders as long as neither SPP nor such affiliated pipeline shares employees or information with any of its Marketing or Energy Affiliates; or (vii) an affiliate of SPP that is purchasing electricity or natural gas for its own consumption and is not using an affiliated Transmission Provider for transmission, so long as such affiliate does not use natural gas or power to produce another source of energy, e.g., generation affiliates.

SPP has determined that the companies identified as such on its Internet website are its Energy Affiliates.

Field and Maintenance Personnel.

Field and Maintenance Personnel include those individuals who perform manual work or purely technical duties (such as operating and maintaining the pipeline's equipment) and their immediate supervisors. Field and Maintenance Personnel do not include supervisory field personnel that can control SPP's operations. If a supervisor has the ability to restrict or shut down the operation of a particular section of the pipeline, that supervisor is considered an operating employee and is not encompassed by the term Field and Maintenance Personnel.

Marketing Affiliate

A Marketing Affiliate means an affiliate that engages in marketing, sales or brokering activities, including sale for resale of natural gas or electric energy unless solely in bundled retail sales, but does not include an affiliate that makes incidental purchases or sales of natural gas to operate interstate natural gas pipeline transmission facilities. As used in these Compliance Policies, the term “Energy Affiliate” includes a “Marketing Affiliate.”

Marketing, Sales or Brokering.

Marketing, Sales and Brokering includes: A sale for resale of natural gas or electric energy in interstate commerce. Sales and marketing employee or unit includes: (1) any interstate natural gas pipeline’s sales operating unit, to the extent provided inapplicable FERC regulations, and (2) a public utility Transmission Provider’s energy sales unit, unless such unit engages solely in bundled retail sales. If a retail sales unit engages in any wholesale sales, the separation of functions requirement will apply.

Risk Management Personnel

See Article III relating to shared Risk Management Personnel for an explanation of their permitted functions on behalf of SPP.

Support Employees

Support Employees are those employees that provide various non-operating functions for SPP, such as legal, accounting, human resources, travel, information technology and, subject to certain important limitations, risk management functions. If a Support Employee participates in directing, organizing or executing transmission system operations or reliability functions or directs the policy of SPP, he/she shall be considered to be a Transmission Function Employee rather than a shared Support Employee, and in such case the Support Employee may not function in support of both SPP and SPP’s Energy and Marketing Affiliates without violating FERC requirements. Questions about the permissible Scope of Support functions should be directed to the Compliance Officer.

Transmission Function Employee

A Transmission Function Employee is an employee, contractor, consultant or agent of SPP who conducts transmission system operations or reliability functions, including, but not limited to, those who are engaged in day-to-day duties and responsibilities for planning, directing, organizing or carrying out transmission-related operations.

Appendix B
San Patricio Pipeline LLC Tariff Waiver Form

Department: _____
Service Requested By (company): _____
Service Requested By (name of contact): _____
Phone : _____
Date of Request: _____

Date Granted: _____

Date waiver to commence: _____

Date waiver to end: _____

or indicate permanent (by checking) _____

Tariff Section being waived: _____

Detailed Description of Waiver

Date Posted on Website: _____

Prepared By:

(name) _____

(title) _____

(date) _____

Department Approval:

(name) _____

(title) _____

(date) _____

Regulatory/Legal Approval

(name) _____

(title) _____

(date) _____

Appendix C
CONSENT TO DISCLOSURE OF INFORMATION TO
ENERGY AFFILIATE OR MARKETING AFFILIATE

On behalf of _____, a customer or potential customer of San Patricio Pipeline LLC, and with full authorization, and in exchange for good and valuable consideration, receipt of which acknowledged is by this writing, I consent to the disclosure by San Patricio Pipeline LLC and its employees by San Patricio Pipeline LLC to their Energy Affiliates and Marketing Affiliate [or particular Energy Affiliate and Marketing Affiliate] information about _____ and its operations, business plans and _____. I state without coercion or reservation that (i) such consent is freely and voluntarily given and (ii) my company did not receive any preference, either operational or rate-related in exchange for this consent. On behalf of _____ I expressly waive any all claims against San Patricio Pipeline LLC and its affiliates, parents, subsidiaries arising from their use of such information, subject to _____ [insert reference to any further confidentiality agreement restricting further disclosure].

signature

title

date

company

Appendix D
Summary of Required Web Site Postings

Item	Time of Posting	Retention Period
1. Notice of system emergency in which a deviation from the Standards of Conduct has occurred.	Within 24 hours of event.	Three years
2. Names and addresses of SPP's sales and marketing units and Energy Affiliates	Within seven business days of any change, posting the date on which the information was updated	Three years
3. A complete list of the facilities shared by SPP and its marketing or sales units or any Energy Affiliates, including the types of facilities shared and their addresses.	Within seven business days of any change, posting the date on which the information was updated	Three years
<p>4. Comprehensive organizational charts showing:</p> <p>a. The organizational structure of the parent corporation with the relative position in the corporate structure of SPP, marketing and sales units and any Energy Affiliates;</p> <p>b. For SPP, the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. Job titles and descriptions must include the employee's title, the employee's duties, whether the employee is involved in transmission or sales, and the name of the supervisory employees who</p>	Within seven business days of any change, posting the date on which the information was updated	Three years

Item	Time of Posting	Retention Period
<p>manage non-clerical employees involved in transmission or sales.</p> <p>c. Shared facilities and office space must be identified and posted.</p> <p>d. For all employees who are engaged in transmission functions for SPP and marketing or sales functions or who are engaged in transmission functions for SPP and are employed by any of the Energy Affiliates, include the name of the business unit within the marketing or sales unit or the Energy Affiliate, the organizational structure in which the employee is located, the employee's name, job title and job description in the marketing or sales unit or energy affiliate, and the employee's position within the chain of command of the marketing or sales unit or Energy Affiliate.</p>		
<p>5. Information concerning potential merger partners as affiliates, including name(s) and address(es) of potential merger partner(s) and Energy Affiliates.</p>	<p>Within seven days after the potential merger is announced.</p>	<p>Three years</p>
<p>6. Notices of transfers of employees between SPP and any Energy Affiliates and Marketing Affiliates.</p>		
<p>7. Copy of the Policies and Procedures</p>	<p>Within 30 days of becoming subject to Standards of Conduct</p>	
<p>8. Information disclosed by any SPP employee to a SPP Marketing or Sales</p>	<p>Immediately after such disclosure, including the date of posting.</p>	

Item	Time of Posting	Retention Period
Employee or the employees of any Energy Affiliate of Marketing Affiliate that was: (i) acquired from a nonaffiliated transmission customer or potential nonaffiliated transmission customers, or (ii) developed in the course of responding to requests for transmission or ancillary service on its website, (except to the limited extent information is required to be posted on SPP's website in response to a request for transmission service or ancillary services).		
9. Each offer of a discount for any transmission service which SPP makes including: (a) the name of the customer and whether it is an affiliate or whether an affiliate is involved, (b) the rate offered; (c) the maximum rate; (d) the time period for which the discount applies; (e) the quantity of gas scheduled to be moved; (f) the delivery points under the transaction; and (g) any conditions or requirements applicable to the discount.	Posted contemporaneously with the time that the offer is contractually binding.	The posting must remain on website for 60 days.
10. Written log detailing the circumstances and manner in which SPP exercised its discretion under any terms of the tariff.	Within 24 hours of the exercise of such discretion.	
11. Information provided by the Operations Officer regarding available capacity, price,	When provided by the Operations Officer.	So long as it remains current and accurate

Item	Time of Posting	Retention Period
curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans or similar information respecting use or anticipated use of SPP's pipeline.		
12. Tariff		
<p>13. Firm Service and Release of Firm Capacity For pipeline firm service and for release of firm capacity, the pipeline must post with respect to each contract, or revision of a contract for service, the following: (i) the full legal name of the shipper, and identification number, of the shipper receiving service under the contract, and the full legal name, and identification number, of the releasing shipper if a capacity release is involved or an indication that the pipeline is the seller of transportation capacity; (ii) the contract number for the shipper receiving service under the contract, and, in addition, for released transactions, the contract number of the releasing shipper's contract; (iii) the rate charged under each contract; (iv) the maximum rate, and for capacity release transactions not subject to a maximum rate, the maximum rate that would be applicable to a comparable sale of pipeline services; (v) the duration of</p>	<p>Notice of a firm release under this paragraph must be provided on the pipeline's electronic bulletin board as soon as possible, but not later than forty-eight hours, after the release transaction commences. 18 C.F.R. § 284.8(h)(1). No later than the first nomination under a transaction. 18 C.F.R. § 284.13(b)(1).</p>	<p>For 90 days. 18 C.F.R. § 284.13(b).</p>

Item	Time of Posting	Retention Period
<p>the contract; (vi) the receipt and delivery points and zones or segments covered by the contract, including the industry common code for each point, zone, or segment; (vii) the contract quantity or the volumetric quantity under a volumetric release; (viii) special terms and conditions applicable to a capacity release transaction, including whether the contract is a negotiated rate contract, conditions applicable to a discounted transportation contract, and all aspects in which the contract deviates from the pipeline's tariff; and (ix) whether there is an affiliate relationship between the pipeline and the shipper or between the releasing and replacement shipper. 18 C.F.R. § 284.13(b)(1). This notice requirement does not apply to contracts which relate solely to the release of capacity under § 284.8, unless the release is permanent. 18 C.F.R. § 284.13(c)(3).</p>		
<p>14. Interruptible Service For pipeline interruptible service, the pipeline must post the following information: (i) the full legal name, and identification number, of the shipper receiving service; (ii) the rate charged; (iii) the maximum rate; (iv) the receipt and</p>	<p>On a daily basis, no later than the first nomination for service under an interruptible agreement. 18 C.F.R. § 284.13(b)(2).</p>	<p>For 90 days. 18 C.F.R. § 284.13(b).</p>

Item	Time of Posting	Retention Period
<p>delivery points covered between which the shipper is entitled to transport gas at the rate charged, including the industry common code for each point, zone, or segment; (v) the quantity of gas the shipper is entitled to transport; (vi) special details pertaining to the agreement, including conditions applicable to a discounted transportation contract and all aspects in which the agreement deviates from the pipeline's tariff; and (vii) whether the shipper is affiliated with the pipeline. 18 C.F.R. § 284.13(b)(2). This notice requirement does not apply to contracts which relate solely to the release of capacity under § 284.8, unless the release is permanent. 18 C.F.R. § 284.13(c)(3).</p>		
<p>15. Index of Customers An interstate pipeline must file with the Commission, and subsequently post, an index of all firm transportation and storage customers under contract as of the first day of the calendar quarter. For each shipper receiving firm transportation or storage service, the index must include the following information: (i) the full legal name, and identification number, of the shipper; (ii) the applicable rate schedule number under which the</p>	<p>On the first business day of each calendar quarter. 18 C.F.R. § 284.13(c).</p>	<p>Until the next quarterly index is posted. 18 C.F.R. § 284.13(c) A pipeline must maintain, for a period of three years, all information displayed and transactions conducted electronically under this section and be able to recover and regenerate all such electronic information and documents. 18 C.F.R. § 284.12(b)(3)(v).</p>

Item	Time of Posting	Retention Period
<p>service is being provided; (iii) the contract number; (iv) the effective and expiration dates of the contract; (v) for transportation service, the maximum daily contract quantity (specify unit of measurement), and for storage service, the maximum storage quantity (specify unit of measurement); (vi) the receipt and delivery points and zones or segments covered by the contract in which the capacity is held, including the industry common code for each point, zone, or segment; (vii) an indication as to whether the contract includes negotiated rates; (viii) the name of any agent or asset manager managing a shipper's transportation service; and (ix) any affiliate relationship between the pipeline and a shipper or between the pipeline and a shipper's asset manager or agent. 18 C.F.R. § 284.13(c)(1)-(2). This notice requirement does not apply to the release of capacity under § 284.8, unless the release is permanent. 18 C.F.R. § 284.13(c)(3).</p>		
<p>16. Availability of Transportation Post to website (and in downloadable format), information relevant to the availability of all</p>		<p>A pipeline must maintain, for a period of three years, all information displayed and transactions conducted electronically and be able to recover and regenerate all</p>

Item	Time of Posting	Retention Period
<p>transportation services whenever capacity is scheduled, including but not limited to: (i) the availability of capacity at receipt points; (ii) whether the capacity is available directly from the pipeline or through capacity release, (iii) the total design capacity of each point or segment on the system, (iv) the amount scheduled at each point or segment whenever capacity is scheduled, and (v) all planned and actual service outages or reductions in service capacity. 18 C.F.R. § 284.13(d).</p>		<p>such electronic information and documents. 18 C.F.R. § 284.12(b)(3)(v).</p>

Appendix E
EMPLOYEE'S STANDARDS OF CONDUCT AFFIDAVIT

County of _____,
State of _____; to-wit

Having been first duly sworn, the undersigned affiant deposes and states the following:
My name is _____ and I am employed by San Patricio Pipeline LLC as
_____.

Alternative 1—for new employees:

My employment commenced on _____. Upon the commencement of my employment, I completed training provided by San Patricio Pipeline LLC regarding the Standards of Conduct of the Federal Energy Regulatory Commission and have reviewed a copy of San Patricio Pipeline LLC's Policies and Procedures Regarding Standards of Conduct.

Alternative 2—for existing employees

I was employed by SPP before the effectiveness of SPP's Compliance Policies and Procedures. I completed training provided by San Patricio Pipeline LLC regarding the Standards of Conduct of the Federal Energy Regulatory Commission and have reviewed a copy of San Patricio Pipeline LLC's Compliance Policies and Procedures Regarding Standards of Conduct.

I have signed this Affidavit to indicate that I have been provided a copy of the San Patricio Pipeline LLC's Compliance Policies and Procedures Regarding Standards of Conduct, and as a means of indicating that I have read, reviewed and understood the same. I have also been provided with a list of SPP's Energy Affiliates and Marketing Affiliates, and I have been informed that as that list may change from time to time that I will be provided with a current list of such Energy Affiliates and Marketing Affiliates. I understand that it is one of the conditions of my employment that I conform my conduct at all times to such Standards of Conduct and such Compliance Policies and Procedures and in particular, that I understand that it is impermissible for me to act as a conduit for sharing transmission, market or customer information with a Marketing or Energy Affiliate.

Employee's Signature

Employee's Name printed

Subscribed before me this _____ day of _____, _____, in the
aforesaid State and County.

My Commission expires: _____

Appendix F

TRANSFERRING EMPLOYEE'S NON-CONDUIT AFFIDAVIT

County of _____,
State of _____; to-wit

Having been first duly sworn, the undersigned affiant deposes and states the following:

My name is _____ and I was employed by San Patricio Pipeline LLC until _____, 200X. On that date [or _____, 200X] I was transferred to _____, an Energy Affiliate or Marketing Affiliate of San Patricio Pipeline LLC. I understand that in connection with my new responsibilities, I will not be a conduit of impermissible information and in particular will not transmit information concerning San Patricio Pipeline LLC's pipeline system or the transmission or transportation system of another (including, but not limited to, information received from non-affiliates or information about available transmission capacity, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans, or similar information) unless such information has been posted on SPP's Website and is publicly available.

Employee's Signature

Employee's Name printed

Subscribed before me this __ day of _____, ___ in the aforesaid state and county.

My Commission expires: _____