



Plant Flash Gas



Transco

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Important Information – Please Read

The information provided herein is for informational purposes only. Transco makes no representation or warranty as to the completeness or accuracy of this information. Transco shall not be liable for any informational errors, incompleteness or delays, or for any actions taken in reliance on this information.

Plant Flash Gas

Overview

Flash gas occurs in circumstances where natural gas and liquids are commingled for transportation. The liquids are separated from the natural gas at the separation facilities. The gas is returned to the pipeline and the liquids are routed to storage tanks. In the process of storing the liquids, the liquids (which are at pipeline pressure) are returned to atmospheric pressure. In this process of reducing the pressure, some of the liquids are “flashed back” to a gaseous state. This resulting gas, known as flash gas, is returned to the pipeline and allocated as receipts to parties pursuant to agreements upstream of the separation facility. The parties responsible for distributing the allocated flash gas to producers that are at or upstream of each location (the “Allocator” or “Operator”) are identified below.

The subject of Plant Flash Gas encompasses the business process changes implemented due to the interpretation of the Measurement and Allocation agreements per liquid plant.

Flash Gas Allocation on Transco

Plant Flash Gas Allocation at Southeast Louisiana Gathering System

Plant Flash Gas Allocation at Southeast Louisiana Gathering System (“SELGS”) Bayou Black Flash Gas – BOEMRE System 26.5

Plant Flash Gas is allocated on Transco’s system as stated below.

1. Transco will allocate flash gas to WFS–Liquids LLC (“Allocator”) of SELGS).
2. The flash gas will be allocated to the Allocator via an administrative flash gas contract.
3. The flash gas will be cashed out pursuant to the Transco Zone 3 price.
4. It is the responsibility of the Allocator to distribute the allocated flash gas value to those producers at or upstream of each location on SELGS.

Plant Flash Gas Allocation at North High Island Gathering System

Plant Flash Gas Allocation at North High Island Gathering System (“NHIGS”) – BOEMRE System 4.5

Plant Flash Gas is allocated on Transco’s system as stated below.

1. Transco will allocate flash gas at NHIGS to LLOG Exploration (“Allocator”).

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2. The flash gas will be allocated to the Allocator via an administrative flash gas contract.
 3. The flash gas will be cashed out pursuant to the Transco Zone 2 price.
 4. It is the responsibility of the Allocator to distribute the allocated flash gas value to those producers at or upstream of each location on NHIGS.

Plant Flash Gas Allocation at Vermillion 76 Liquids Plant

Plant Flash Gas Allocation at Vermillion 76 Liquids Plant

Plant Flash Gas is allocated on Transco's system as stated below.

1. Transco will allocate flash gas at Vermillion 76 to Energy Partners ("Allocator").
2. The flash gas will be allocated to the Allocator via an administrative flash gas contract.
3. The flash gas will be cashed out pursuant to the Transco Zone 3 price.
4. It is the responsibility of the Allocator to distribute the allocated flash gas value to those producers at or upstream of each location on Vermillion 76.

Plant Flash Gas Allocation at Central Texas Gathering System

Plant Flash Gas Allocation at Central Texas Gathering System ("CTGS") Markham Plant Flash Gas – BOEMRE System 0.5

Plant Flash Gas is allocated on Transco's system as stated below.

1. Transco (via 1Line) will allocate flash gas by location to the designated Operator shown in 1Line.
2. The flash gas will be allocated to the Operator on an administrative flash gas contract.
3. The flash gas will be cashed out pursuant to the Transco Zone 1 price.
4. It is the responsibility of the Operator to distribute the allocated flash gas value to those producers at or upstream of each location on CTGS.

To ensure that the allocation and payment of the flash gas is distributed to the correct parties, operators and producers should verify that 1Line shows the correct designated operator for each location associated with CTGS system. Provide documentation for any operator changes to your Transportation Services Representative.

Prior Period Adjustments (PPAs)

Plant Flash Gas is always recorded as a PPA with a one month lag. In the event Transco receives a revision of a production month; an additional adjustment will be made.

Imbalances and Cash Out (post-Production Month)

Imbalances

Plant Flash Gas creates a **Due To** imbalance on the administrative flash gas contract.

Trading of Imbalances

The plant flash gas imbalance cannot be netted or traded.

Cash out

Cash Out is the final resolution of transportation imbalances. Cash out invoices will be issued one month following the production month. Plant Flash Gas imbalances are cashed out at the production month's average price for the applicable zone.

Reports –Tracking Flash Gas Transactions

The reports listed below can be used to assist in the tracking of information related to PTR transactions.

1. Detailed Flash Gas by Operator/Allocator – details the total receipt flash gas allocated quantity for each Operator or Plant Allocator upstream of a liquid plant.
2. Daily Location Allocation – **Operator only** – details scheduled and allocated quantities by transaction for a location.
3. Imbalance Resolution Activity Report - details resolution of In-Kind make up, trade, cash out and carryover quantities.