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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**76-0582150**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
333 Clay Street, Suite 1600, Houston, Texas	**77002**
(Address of principal executive offices)	(Zip Code)

(713) 646-4100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o
(Do not check if a smaller reporting company)	Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o Yes o No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ☒ No

As of May 1, 2017, there were 724,657,263 Common Units outstanding.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except unit data)

	March 31, 2017	December 31, 2016
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 38	$ 47
Trade accounts receivable and other receivables, net	2,218	2,279
Inventory	1,219	1,343
Other current assets	735	603
Total current assets	4,210	4,272
PROPERTY AND EQUIPMENT	16,468	16,220
Accumulated depreciation	(2,408)	(2,348)
Property and equipment, net	14,060	13,872
OTHER ASSETS		
Goodwill	2,596	2,344
Investments in unconsolidated entities	2,469	2,343
Linefill and base gas	883	896
Long-term inventory	131	193
Other long-term assets, net	920	290
Total assets	$ 25,269	$ 24,210
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,474	$ 2,588
Short-term debt	1,341	1,715
Other current liabilities	341	361
Total current liabilities	4,156	4,664
LONG-TERM LIABILITIES		
Senior notes, net of unamortized discounts and debt issuance costs	9,876	9,874
Other long-term debt	3	250
Other long-term liabilities and deferred credits	644	606
Total long-term liabilities	10,523	10,730
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
PARTNERS' CAPITAL		
Series A preferred unitholders (65,676,626 and 64,388,853 units outstanding, respectively)	1,507	1,508
Common unitholders (723,404,994 and 669,194,419 units outstanding, respectively)	9,027	7,251
Total partners' capital excluding noncontrolling interests	10,534	8,759
Noncontrolling interests	56	57
Total partners' capital	10,590	8,816
Total liabilities and partners' capital	$ 25,269	$ 24,210

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per unit data)

	Three Months Ended March 31,	
	2017	2016
	(unaudited)	
REVENUES		
Supply and Logistics segment revenues	$ 6,395	$ 3,819
Transportation segment revenues	138	154
Facilities segment revenues	134	138
Total revenues	6,667	4,111
COSTS AND EXPENSES		
Purchases and related costs	5,593	3,348
Field operating costs	288	300
General and administrative expenses	74	67
Depreciation and amortization	121	114
Total costs and expenses	6,076	3,829
OPERATING INCOME	591	282
OTHER INCOME/(EXPENSE)		
Equity earnings in unconsolidated entities	53	47
Interest expense (net of capitalized interest of $6 and $13, respectively)	(129)	(112)
Other income/(expense), net	(5)	5
INCOME BEFORE TAX	510	222
Current income tax expense	(10)	(31)
Deferred income tax benefit/(expense)	(56)	12
NET INCOME	444	203
Net income attributable to noncontrolling interests	—	(1)
NET INCOME ATTRIBUTABLE TO PAA	$ 444	$ 202
NET INCOME PER COMMON UNIT (NOTE 3):		
Net income allocated to common unitholders — Basic	$ 406	$ 28
Basic weighted average common units outstanding	691	398
Basic net income per common unit	$ 0.59	$ 0.07
Net income allocated to common unitholders — Diluted	$ 443	$ 28
Diluted weighted average common units outstanding	758	399
Diluted net income per common unit	$ 0.58	$ 0.07

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Three Months Ended March 31,	
	2017	2016
	(unaudited)	
Net income	$ 444	$ 203
Other comprehensive income	36	118
Comprehensive income	480	321
Comprehensive income attributable to noncontrolling interests	—	(1)
Comprehensive income attributable to PAA	$ 480	$ 320

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)
(in millions)

	Derivative Instruments	Translation Adjustments	Other	Total
		(unaudited)		
Balance at December 31, 2016	$ (228)	$ (782)	$ 1	$ (1,009)
Reclassification adjustments	2	—	—	2
Deferred gain on cash flow hedges	7	—	—	7
Currency translation adjustments	—	27	—	27
Total period activity	9	27	—	36
Balance at March 31, 2017	$ (219)	$ (755)	$ 1	$ (973)

	Derivative Instruments	Translation Adjustments	Total
		(unaudited)	
Balance at December 31, 2015	$ (203)	$ (878)	$ (1,081)
Reclassification adjustments	1	—	1
Deferred loss on cash flow hedges	(90)	—	(90)
Currency translation adjustments	—	207	207
Total period activity	(89)	207	118
Balance at March 31, 2016	$ (292)	$ (671)	$ (963)

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Three Months Ended March 31,	
	2017	2016
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 444	$ 203
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	121	114
Equity-indexed compensation expense	12	4
Deferred income tax (benefit)/expense	56	(12)
(Gain)/loss on foreign currency revaluation	(3)	(3)
Equity earnings in unconsolidated entities	(53)	(47)
Distributions from unconsolidated entities	52	52
Other	10	6
Changes in assets and liabilities, net of acquisitions	177	318
Net cash provided by operating activities	816	635
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid in connection with acquisitions, net of cash acquired	(1,254)	(85)
Investments in unconsolidated entities	(123)	(75)
Additions to property, equipment and other	(275)	(372)
Proceeds from sales of assets	161	246
Other investing activities	—	(1)
Net cash used in investing activities	(1,491)	(287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings/(repayments) under commercial paper program (Note 8)	149	(1,211)
Net repayments under senior secured hedged inventory facility (Note 8)	(501)	(300)
Repayments of senior notes (Note 8)	(400)	—
Net proceeds from the sale of Series A preferred units	—	1,570
Net proceeds from the sale of common units (Note 9)	1,664	—
Contributions from general partner	—	33
Distributions paid to common unitholders (Note 9)	(371)	(278)
Distributions paid to general partner	—	(155)
Other financing activities	125	(2)
Net cash provided by/(used in) financing activities	666	(343)
Effect of translation adjustment on cash	—	4
Net increase/(decrease) in cash and cash equivalents	(9)	9
Cash and cash equivalents, beginning of period	47	27
Cash and cash equivalents, end of period	$ 38	$ 36
Cash paid for:		
Interest, net of amounts capitalized	$ 92	$ 85
Income taxes, net of amounts refunded	$ 27	$ 16

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
(in millions)

	Limited Partners		Partners' Capital Excluding Noncontrolling Interests	Noncontrolling Interests	Total Partners' Capital
	Series A Preferred Unitholders	Common Unitholders			
	(unaudited)				
Balance at December 31, 2016	$ 1,508	$ 7,251	$ 8,759	$ 57	$ 8,816
Net income	—	444	444	—	444
Cash distributions to partners	—	(371)	(371)	(1)	(372)
Sales of common units	—	1,664	1,664	—	1,664
Other comprehensive income	—	36	36	—	36
Other	(1)	3	2	—	2
Balance at March 31, 2017	$ 1,507	$ 9,027	$ 10,534	$ 56	$ 10,590

	Limited Partners			Partners' Capital Excluding Noncontrolling Interests	Noncontrolling Interests	Total Partners' Capital
	Series A Preferred Unitholders	Common Unitholders	General Partner			
	(unaudited)					
Balance at December 31, 2015	$ —	$ 7,580	$ 301	$ 7,881	$ 58	$ 7,939
Net income	—	55	147	202	1	203
Cash distributions to partners	—	(278)	(155)	(433)	(1)	(434)
Sale of Series A preferred units	1,509	—	33	1,542	—	1,542
Other comprehensive income	—	115	3	118	—	118
Other	—	2	1	3	—	3
Balance at March 31, 2016	$ 1,509	$ 7,474	$ 330	$ 9,313	$ 58	$ 9,371

The accompanying notes are an integral part of these condensed consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1—Organization and Basis of Consolidation and Presentation

Organization

Plains All American Pipeline, L.P. ("PAA") is a Delaware limited partnership formed in 1998. Our operations are conducted directly and indirectly through our primary operating subsidiaries. As used in this Form 10-Q and unless the context indicates otherwise, the terms "Partnership," "we," "us," "our," "ours" and similar terms refer to PAA and its subsidiaries.

We own and operate midstream energy infrastructure and provide logistics services for crude oil, natural gas liquids ("NGL"), natural gas and refined products. We own an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. Our business activities are conducted through three operating segments: Transportation, Facilities and Supply and Logistics. See Note 13 for further discussion of our operating segments.

Our non-economic general partner interest is held by PAA GP LLC ("PAA GP"), a Delaware limited liability company, whose sole member is Plains AAP, L.P. ("AAP"), a Delaware limited partnership. In addition to its ownership of PAA GP, as of March 31, 2017, AAP also owned an approximate 37% limited partner interest in us represented by approximately 288.3 million of our common units. Plains All American GP LLC ("GP LLC"), a Delaware limited liability company, is AAP's general partner. Plains GP Holdings, L.P. ("PAGP") is the sole and managing member of GP LLC, and, at March 31, 2017, owned an approximate 53% limited partner interest in AAP. PAA GP Holdings LLC ("PAGP GP") is the general partner of PAGP.

As the sole member of GP LLC, PAGP has responsibility for conducting our business and managing our operations; however, the board of directors of PAGP GP has ultimate responsibility for managing the business and affairs of PAGP, AAP and us. GP LLC employs our domestic officers and personnel; our Canadian officers and personnel are employed by our subsidiary, Plains Midstream Canada ULC ("PMC").

References to the "PAGP Entities" include PAGP GP, PAGP, GP LLC, AAP and PAA GP. References to our "general partner," as the context requires, include any or all of the PAGP Entities. References to the "Plains Entities" include us, our subsidiaries and the PAGP Entities.

Simplification Transactions

On November 15, 2016, the Plains Entities closed a series of transactions and executed several organizational and ancillary documents (the "Simplification Transactions") that simplified our governance structure and permanently eliminated our incentive distribution rights ("IDRs") and the economic rights associated with our 2% general partner interest in exchange for the issuance by us to AAP of common units and the assumption by us of all of AAP's outstanding debt. See Note 1 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for additional discussion of the Simplification Transactions.

Definitions

Additional defined terms are used in this Form 10-Q and shall have the meanings indicated below:

AOCI	=	Accumulated other comprehensive income/(loss)
ASC	=	Accounting Standards Codification
ASU	=	Accounting Standards Update
Bcf	=	Billion cubic feet
Btu	=	British thermal unit
CAD	=	Canadian dollar
CODM	=	Chief Operating Decision Maker
DERs	=	Distribution equivalent rights
EBITDA	=	Earnings before interest, taxes, depreciation and amortization
EPA	=	United States Environmental Protection Agency
FASB	=	Financial Accounting Standards Board
GAAP	=	Generally accepted accounting principles in the United States
ICE	=	Intercontinental Exchange
LIBOR	=	London Interbank Offered Rate
LTIP	=	Long-term incentive plan
Mcf	=	Thousand cubic feet
NGL	=	Natural gas liquids, including ethane, propane and butane
NYMEX	=	New York Mercantile Exchange
Oxy	=	Occidental Petroleum Corporation or its subsidiaries
PLA	=	Pipeline loss allowance
SEC	=	United States Securities and Exchange Commission
USD	=	United States dollar
WTI	=	West Texas Intermediate

Basis of Consolidation and Presentation

The accompanying unaudited condensed consolidated interim financial statements and related notes thereto should be read in conjunction with our 2016 Annual Report on Form 10-K. The accompanying condensed consolidated financial statements include the accounts of PAA and all of its wholly owned subsidiaries and those entities that it controls. Investments in entities over which we have significant influence but not control are accounted for by the equity method. We apply proportionate consolidation for pipelines and other assets in which we own undivided joint interests. The financial statements have been prepared in accordance with the instructions for interim reporting as set forth by the SEC. All adjustments (consisting only of normal recurring adjustments) that in the opinion of management were necessary for a fair statement of the results for the interim periods have been reflected. All significant intercompany transactions have been eliminated in consolidation, and certain reclassifications have been made to information from previous years to conform to the current presentation. The condensed consolidated balance sheet data as of December 31, 2016 was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the three months ended March 31, 2017 should not be taken as indicative of results to be expected for the entire year.

Subsequent events have been evaluated through the financial statements issuance date and have been included in the following footnotes where applicable.

Note 2—Recent Accounting Pronouncements

Except as discussed below and in our 2016 Annual Report on Form 10-K, there have been no new accounting pronouncements that have become effective or have been issued during the three months ended March 31, 2017 that are of significance or potential significance to us.

Accounting Standards Updates Adopted During the Period

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplified several aspects of the accounting for share-based payment transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities and classification of certain related payments on the statement of cash flows. This guidance was effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. We adopted the applicable provisions of the ASU on January 1, 2017 and (i) elected to account for forfeitures as they occur, utilizing the modified retrospective approach of adoption, and (ii) will classify units directly withheld for tax-withholding purposes as a financing activity on our Condensed Consolidated Statement of Cash Flows for all periods presented. Our adoption did not have a material impact on our financial position, results of operations or cash flows for the periods presented.

In January 2017, the FASB issued ASU 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The amendments within this ASU eliminate Step 2 from the goodwill impairment test, which currently requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Under the amended standard, goodwill impairment will instead be measured using Step 1 of the goodwill impairment test with goodwill impairment being equal to the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This guidance is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods, with early adoption permitted. We early adopted this ASU in the first quarter of 2017, and the amendments therein will be applied prospectively to all future goodwill impairment tests performed on an interim or annual basis.

Accounting Standards Updates Issued During the Period

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which improves the guidance for determining whether a transaction involves the purchase or disposal of a business or an asset. This guidance becomes effective for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted, and prospective application required. We plan to adopt this guidance on January 1, 2018 and will apply the new guidance to applicable transactions occurring after that date.

In February 2017, the FASB issued ASU 2017-05, *Other Income — Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets.* The update includes the following clarifications: (i) nonfinancial assets within the scope of Subtopic 610-20 may include nonfinancial assets transferred within a legal entity to a counterparty, (ii) an entity should allocate consideration to each distinct asset by applying the guidance in Topic 606 on allocating the transaction price to performance obligations and (iii) requires entities to derecognize a distinct nonfinancial asset or distinct in substance nonfinancial asset in a partial sale transaction when it (1) does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with Subtopic 810-10 and (2) transfers control of the asset in accordance with Topic 606. This guidance is effective beginning after December 15, 2017, including interim periods within those periods and must be adopted at the same time as ASC 606. We will adopt this guidance on January 1, 2018 and are currently evaluating the impact of the adoption on our financial position, results of operations and cash flows.

Note 3—Net Income Per Common Unit

We calculate basic and diluted net income per common unit by dividing net income attributable to PAA (after deducting amounts allocated to the preferred unitholders and participating securities, and for periods prior to the closing of the Simplification Transactions, the 2% general partner's interest and IDRs) by the basic and diluted weighted-average number of common units outstanding during the period. Participating securities include LTIP awards that have vested DERs, which entitle the grantee to a cash payment equal to the cash distribution paid on our outstanding common units.

Diluted net income per common unit is computed based on the weighted-average number of common units plus the effect of potentially dilutive securities outstanding during the period, which include (i) our Series A preferred units, (ii) our

LTIP awards and (iii) units that are issuable to AAP when certain AAP Management Units are earned. When applying the if-converted method prescribed by FASB guidance, the possible conversion of our Series A preferred units was excluded from the calculation of diluted net income per common unit for the three months ended March 31, 2016 as the effect was antidilutive. Our LTIP awards and certain AAP Management Units that contemplate the issuance of common units are considered dilutive unless (i) vesting occurs only upon the satisfaction of a performance condition and (ii) that performance condition has yet to be satisfied. LTIP awards that were deemed to be dilutive are reduced by a hypothetical common unit repurchase based on the remaining unamortized fair value, as prescribed by the treasury stock method in guidance issued by the FASB. As none of the necessary conditions for the remaining AAP Management Units to become earned had been satisfied by March 31, 2017, no units issuable to AAP were contemplated in the calculation of diluted net income per common unit. See Note 16 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for a complete discussion of our LTIP awards including specific discussion regarding DERs.

The following table sets forth the computation of basic and diluted net income per common unit (in millions, except per unit data):

	Three Months Ended March 31,	
	2017	2016
Basic Net Income per Common Unit		
Net income attributable to PAA	$ 444	$ 202
Distributions to Series A preferred units [1]	(34)	(23)
Distributions to general partner [1]	—	(155)
Distributions to participating securities [1]	(1)	(1)
Undistributed loss allocated to general partner [1]	—	5
Other	(3)	—
Net income allocated to common unitholders	$ 406	$ 28
Basic weighted average common units outstanding	691	398
Basic net income per common unit	$ 0.59	$ 0.07
Diluted Net Income per Common Unit		
Net income attributable to PAA	$ 444	$ 202
Distributions to Series A preferred units [1]	—	(23)
Distributions to general partner [1]	—	(155)
Distributions to participating securities [1]	(1)	(1)
Undistributed loss allocated to general partner [1]	—	5
Net income allocated to common unitholders	$ 443	$ 28
Basic weighted average common units outstanding	691	398
Effect of dilutive securities:		
Series A preferred units	65	—
LTIP units	2	1
Diluted weighted average common units outstanding	758	399
Diluted net income per common unit	$ 0.58	$ 0.07

(1) We calculate net income allocated to common unitholders based on the distributions pertaining to the current period's net income. After adjusting for the appropriate period's distributions, the remaining undistributed earnings or excess distributions over earnings ("undistributed loss"), if any, are allocated to the general partner, common unitholders and participating securities in accordance with the contractual terms of our partnership agreement in effect for the period and as further prescribed under the two-class method. The Simplification Transactions, which closed on November 15, 2016, simplified our governance structure and permanently eliminated our IDRs and the economic rights associated

with our 2% general partner interest. As such, beginning with the distribution pertaining to the fourth quarter of 2016, our general partner is no longer entitled to receive distributions or allocations on these interests.

Note 4—Accounts Receivable, Net

Our accounts receivable are primarily from purchasers and shippers of crude oil and, to a lesser extent, purchasers of NGL and natural gas. To mitigate credit risk related to our accounts receivable, we utilize a rigorous credit review process. We closely monitor market conditions to make a determination with respect to the amount, if any, of open credit to be extended to any given customer and the form and amount of financial performance assurances we require. Such financial assurances are commonly provided to us in the form of advance cash payments, standby letters of credit or parental guarantees. As of March 31, 2017 and December 31, 2016, we had received $81 million and $89 million, respectively, of advance cash payments from third parties to mitigate credit risk. We also received $46 million and $66 million as of March 31, 2017 and December 31, 2016, respectively, of standby letters of credit to support obligations due from third parties, a portion of which applies to future business. Additionally, in an effort to mitigate credit risk, a significant portion of our transactions with counterparties are settled on a net-cash basis. Furthermore, we also enter into netting agreements (contractual agreements that allow us to offset receivables and payables with those counterparties against each other on our balance sheet) for a majority of such arrangements.

We review all outstanding accounts receivable balances on a monthly basis and record a reserve for amounts that we expect will not be fully recovered. We do not apply actual balances against the reserve until we have exhausted substantially all collection efforts. At March 31, 2017 and December 31, 2016, substantially all of our trade accounts receivable (net of allowance for doubtful accounts) were less than 30 days past their scheduled invoice date. Our allowance for doubtful accounts receivable totaled $3 million at both March 31, 2017 and December 31, 2016. Although we consider our allowance for doubtful accounts receivable to be adequate, actual amounts could vary significantly from estimated amounts.

Note 5—Inventory, Linefill and Base Gas and Long-term Inventory

Inventory, linefill and base gas and long-term inventory consisted of the following (barrels and natural gas volumes in thousands and carrying value in millions):

	March 31, 2017				December 31, 2016			
	Volumes	Unit of Measure	Carrying Value	Price/ Unit [1]	Volumes	Unit of Measure	Carrying Value	Price/ Unit [1]
Inventory								
Crude oil	21,710	barrels	$ 1,071	$ 49.33	23,589	barrels	$ 1,049	$ 44.47
NGL	5,396	barrels	120	$ 22.24	13,497	barrels	242	$ 17.93
Natural gas	3,630	Mcf	10	$ 2.75	14,540	Mcf	32	$ 2.20
Other	N/A		18	N/A	N/A		20	N/A
Inventory subtotal			1,219				1,343	
Linefill and base gas								
Crude oil	12,679	barrels	729	$ 57.50	12,273	barrels	710	$ 57.85
NGL	1,646	barrels	46	$ 27.95	1,660	barrels	45	$ 27.11
Natural gas	24,976	Mcf	108	$ 4.32	30,812	Mcf	141	$ 4.58
Linefill and base gas subtotal			883				896	
Long-term inventory								
Crude oil	2,345	barrels	101	$ 43.07	3,279	barrels	163	$ 49.71
NGL	1,418	barrels	30	$ 21.16	1,418	barrels	30	$ 21.16
Long-term inventory subtotal			131				193	
Total			$ 2,233				$ 2,432	

[1] Price per unit of measure is comprised of a weighted average associated with various grades, qualities and locations. Accordingly, these prices may not coincide with any published benchmarks for such products.

Note 6—Acquisitions and Dispositions

Acquisitions

The following acquisitions were accounted for using the acquisition method of accounting and the determination of the fair value of the assets and liabilities acquired has been estimated in accordance with the applicable accounting guidance.

Alpha Crude Connector Acquisition

On February 14, 2017, we acquired all of the issued and outstanding membership interests in Alpha Holding Company, LLC for cash consideration of approximately $1.217 billion, subject to working capital and other adjustments (the "ACC Acquisition"). The ACC Acquisition was initially funded through borrowings under our senior unsecured revolving credit facility. Such borrowings were subsequently repaid with proceeds from our March 2017 issuance of common units to AAP pursuant to the Omnibus Agreement and in connection with a PAGP underwritten equity offering. See Note 9 for additional information.

Upon completion of the ACC Acquisition, we became the owner of a crude oil gathering system known as "Alpha Crude Connector" (the "ACC System") located in the Northern Delaware Basin in Southeastern New Mexico and West Texas. The ACC System comprises 515 miles of gathering and transmission lines and five market interconnects, including to our Basin Pipeline at Wink. We intend to make additional interconnects to our existing Northern Delaware Basin systems as well as additional enhancements intended to increase the ACC System capacity to approximately 350,000 barrels per day, depending on the level of volume at each delivery point. The ACC System is supported by acreage dedications covering approximately 315,000 gross acres, and include a significant acreage dedication from one of the largest producers in the region. The ACC System complements our other Permian Basin assets and enhances the services available to the producers in the Northern Delaware Basin.

The determination of the acquisition-date fair value of the assets acquired and liabilities assumed is preliminary. We expect to finalize our fair value determination in 2017. The following table reflects the preliminary fair value determination (in millions):

Identifiable assets acquired and liabilities assumed:	Estimated Useful Lives (Years)	Recognized amount
Property and equipment	3 - 70	$ 299
Intangible assets	20	641
Goodwill	N/A	278
Other (including $4 million of cash acquired)	N/A	(1)
		$ 1,217

Intangible assets are included in "Other long-term assets, net" on our Condensed Consolidated Balance Sheets. The preliminary determination of fair value to intangible assets above is comprised of five acreage dedication contracts and associated customer relationships that will be amortized over a remaining weighted average useful life of approximately 20 years. The value assigned to such intangible assets will be amortized to earnings using methods that closely resemble the pattern in which the economic benefits will be consumed. Amortization was approximately $1 million for the period ended March 31, 2017, and the future amortization is estimated as follows for the next five years (in millions):

Remainder of 2017	$ 9
2018	$ 25
2019	$ 34
2020	$ 42
2021	$ 48

Goodwill is an intangible asset representing the future economic benefits expected to be derived from other assets acquired that are not individually identified and separately recognized. The goodwill arising from the ACC Acquisition, which is tax deductible, represents the anticipated opportunities to generate future cash flows from undedicated acreage and the synergies created between the ACC System and our existing assets. The assets acquired in the ACC Acquisition, as well as the associated goodwill, are primarily included in our Transportation segment.

During the three months ended March 31, 2017, we incurred approximately $5 million of acquisition-related costs associated with the ACC Acquisition. Such costs are reflected as a component of general and administrative expenses in our Condensed Consolidated Statement of Operations.

Pro forma financial information assuming the ACC Acquisition had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the period, were not material for disclosure purposes.

Other Acquisitions

In February 2017, we acquired a propane marine terminal for cash consideration of approximately $41 million. The assets acquired are included in our Facilities segment. We did not recognize any goodwill related to this acquisition.

Investment Acquisition

On April 3, 2017, we and an affiliate of Noble Midstream Partners LP ("Noble") completed the acquisition of Advantage Pipeline, L.L.C. ("Advantage") for a purchase price of $133 million through a newly formed 50/50 joint venture (the "Advantage Joint Venture"). For our 50% share ($66.5 million), we contributed approximately 1.3 million common units and approximately $26 million in cash.

Advantage owns a 70-mile, 16-inch crude oil pipeline located in the southern Delaware Basin (the "Advantage Pipeline"). Noble will serve as operator and will construct a pipeline to deliver crude oil to the Advantage Pipeline from its central gathering facility in the southern Delaware Basin. We will construct a pipeline to connect our Wolfbone Ranch facility to the Advantage Pipeline near Highway 285 in Reeves County, Texas. The connections are estimated to be completed in 2017. The Advantage Pipeline is contractually supported by a third-party acreage dedication and a volume commitment from our wholly-owned marketing subsidiary.

Dispositions and Divestitures

During the three months ended March 31, 2017, we sold certain non-core assets for proceeds of approximately $161 million. These sales primarily included (i) a non-core pipeline segment located in the Midwestern United States and (ii) a 40% undivided interest in a segment of our Red River Pipeline extending from Cushing, Oklahoma to the Hewitt Station near Ardmore, Oklahoma (the "Hewitt Segment") for our net book value. We retained a 60% undivided interest in the Hewitt Segment and a 100% interest in the remaining portion of the Red River Pipeline that extends from Ardmore to Longview, Texas. We recognized a net gain of $36 million related to the sale of the non-core pipeline segment, including the write-off of a portion of the remaining book value, which is included in "Depreciation and amortization" on our Condensed Consolidated Statement of Operations.

Assets Held for Sale

As of March 31, 2017, we classified approximately $490 million of assets as held for sale on our Condensed Consolidated Balance Sheet (in "Other current assets") primarily related to definitive agreements to sell non-core assets, including certain of our West Coast terminal assets and our Bluewater natural gas storage facility located in Michigan. The assets held for sale are primarily property and equipment and are included in our Facilities segment. We expect these transactions to close in the second quarter or early in the third quarter of 2017, subject to customary closing conditions, including the receipt of regulatory approvals. During the three months ended March 31, 2017, we recognized an impairment loss of $31 million related to assets held for sale. This impairment loss is included in "Depreciation and amortization" on our Condensed Consolidated Statement of Operations.

Note 7—Goodwill

Goodwill by segment and changes in goodwill are reflected in the following table (in millions):

	Transportation	Facilities	Supply and Logistics	Total
Balance at December 31, 2016	$ 806	$ 1,034	$ 504	$ 2,344
Acquisitions [1]	278	—	—	278
Foreign currency translation adjustments	2	1	—	3
Dispositions and reclassifications to assets held for sale	—	(29)	—	(29)
Balance at March 31, 2017	$ 1,086	$ 1,006	$ 504	$ 2,596

(1) Goodwill is recorded at the acquisition date based on a preliminary fair value determination. This preliminary goodwill balance may be adjusted when the fair value determination is finalized.

Note 8—Debt

Debt consisted of the following (in millions):

	March 31, 2017	December 31, 2016
SHORT-TERM DEBT		
Commercial paper notes, bearing a weighted-average interest rate of 1.9% and 1.6%, respectively [1]	$ 958	$ 563
Senior secured hedged inventory facility, bearing a weighted-average interest rate of 2.0% and 1.8%, respectively [1]	250	750
Senior notes:		
6.13% senior notes due January 2017	—	400
Other	133	2
Total short-term debt [2]	1,341	1,715
LONG-TERM DEBT		
Senior notes, net of unamortized discounts and debt issuance costs of $74 and $76, respectively	9,876	9,874
Commercial paper notes, bearing a weighted-average interest rate of 1.6% [3]	—	247
Other	3	3
Total long-term debt	9,879	10,124
Total debt [4]	$ 11,220	$ 11,839

(1) We classified these commercial paper notes and credit facility borrowings as short-term as of March 31, 2017 and December 31, 2016, as these notes and borrowings were primarily designated as working capital borrowings, were required to be repaid within one year and were primarily for hedged NGL and crude oil inventory and NYMEX and ICE margin deposits.

(2) As of March 31, 2017 and December 31, 2016, balance includes borrowings of $95 million and $410 million, respectively, for cash margin deposits with NYMEX and ICE, which are associated with financial derivatives used for hedging purposes.

(3) At December 31, 2016, we classified a portion of our commercial paper notes as long-term based on our ability and intent to refinance such amounts on a long-term basis.

(4) Our fixed-rate senior notes (including current maturities) had a face value of approximately $9.9 billion and $10.3 billion as of March 31, 2017 and December 31, 2016, respectively. We estimated the aggregate fair value of these notes as of March 31, 2017 and December 31, 2016 to be approximately $10.1 billion and $10.4 billion, respectively. Our fixed-rate senior notes are traded among institutions, and these trades are routinely published by a reporting service. Our determination of fair value is based on reported trading activity near the end of the reporting period. We estimate that the carrying value of outstanding borrowings under our credit facilities and commercial paper program

approximates fair value as interest rates reflect current market rates. The fair value estimates for our senior notes, credit facilities and commercial paper program are based upon observable market data and are classified in Level 2 of the fair value hierarchy.

Borrowings and Repayments

Total borrowings under our credit facilities and commercial paper program for the three months ended March 31, 2017 and 2016 were approximately $18.8 billion and $10.8 billion, respectively. Total repayments under our credit facilities and commercial paper program were approximately $19.2 billion and $12.3 billion for the three months ended March 31, 2017 and 2016, respectively. The variance in total gross borrowings and repayments is impacted by various business and financial factors including, but not limited to, the timing, average term and method of general partnership borrowing activities.

Letters of Credit

In connection with our supply and logistics activities, we provide certain suppliers with irrevocable standby letters of credit to secure our obligation for the purchase of crude oil, NGL and natural gas. Additionally, we issue letters of credit to support insurance programs, derivative transactions and construction activities. At March 31, 2017 and December 31, 2016, we had outstanding letters of credit of $77 million and $73 million, respectively.

Senior Notes Repayments

Our $400 million, 6.13% senior notes were repaid in January 2017. We utilized cash on hand and available capacity under our commercial paper program and credit facilities to repay these notes.

Note 9—Partners' Capital and Distributions

Units Outstanding

The following tables present the activity for our Series A preferred units and common units:

	Limited Partners	
	Preferred Units	**Common Units**
Outstanding at December 31, 2016	64,388,853	669,194,419
Issuance of Series A preferred units in connection with in-kind distributions	1,287,773	—
Sales of common units	—	54,119,893
Issuance of common units under LTIP	—	90,682
Outstanding at March 31, 2017	65,676,626	723,404,994

	Limited Partners	
	Preferred Units	**Common Units**
Outstanding at December 31, 2015	—	397,727,624
Sale of Series A preferred units	61,030,127	—
Issuance of common units under LTIP	—	3,367
Outstanding at March 31, 2016	61,030,127	397,730,991

Sales of Common Units

The following table summarizes our sales of common units during the three months ended March 31, 2017 (net proceeds in millions):

Type of Offering	**Common Units Issued**		**Net Proceeds** [1]	
Continuous Offering Program	4,033,567		$ 129	[2]
Omnibus Agreement [3]	50,086,326	[4]	1,535	
	54,119,893		**$ 1,664**	

(1) Amounts are net of costs associated with the offerings.

(2) We pay commissions to our sales agents in connection with common units issuances under our Continuous Offering Program. We paid $1 million of such commissions during the three months ended March 31, 2017.

(3) Pursuant to the Omnibus Agreement entered into by the Plains Entities in connection with the Simplification Transactions, PAGP has agreed to use the net proceeds from any public or private offering and sale of Class A shares, after deducting the sales agents' commissions and offering expenses, to purchase from AAP a number of AAP units equal to the number of Class A shares sold in such offering at a price equal to the net proceeds from such offering. The Omnibus Agreement also provides that immediately following such purchase and sale, AAP will use the net proceeds it receives from such sale of AAP units to purchase from us an equivalent number of our common units.

(4) Includes (i) approximately 1.8 million common units issued to AAP in connection with PAGP's issuance of Class A shares under its Continuous Offering Program and (ii) 48.3 million common units issued to AAP in connection with PAGP's March 2017 underwritten offering.

Distributions

Cash Distributions. The following table details the distributions paid in cash during or pertaining to the first three months of 2017 (in millions, except per unit data):

	Distributions			
	Common Unitholders			
Distribution Payment Date	Public	AAP	Total Cash Distribution	Cash Distribution per Common Unit
May 15, 2017 (1)	$ 240	$ 159	$ 399	$ 0.55
February 14, 2017	$ 237	$ 134	$ 371	$ 0.55

(1) Payable to unitholders of record at the close of business on May 1, 2017 for the period January 1, 2017 through March 31, 2017.

In-Kind Distributions. On February 14, 2017, we issued 1,287,773 Series A preferred units in lieu of a cash distribution of $34 million on our Series A preferred units outstanding as of the record date for such distribution.

On May 15, 2017, we will issue 1,313,527 Series A preferred units in lieu of a cash distribution of $34 million on our Series A preferred units outstanding as of the record date for such distribution. Since the May 15, 2017 Series A preferred unit distribution was declared as payment-in-kind, this distribution payable was accrued to partners' capital as of March 31, 2017 and thus had no net impact on the Series A preferred unitholders' capital account.

Note 10—Derivatives and Risk Management Activities

We identify the risks that underlie our core business activities and use risk management strategies to mitigate those risks when we determine that there is value in doing so. Our policy is to use derivative instruments for risk management purposes and not for the purpose of speculating on hydrocarbon commodity (referred to herein as "commodity") price changes. We use various derivative instruments to manage our exposure to (i) commodity price risk, as well as to optimize our profits, (ii) interest rate risk and (iii) currency exchange rate risk. Our commodity price risk management policies and procedures are designed to help ensure that our hedging activities address our risks by monitoring our derivative positions, as well as physical volumes, grades, locations, delivery schedules and storage capacity. Our interest rate and currency exchange rate risk management policies and procedures are designed to monitor our derivative positions and ensure that those positions are consistent with our objectives and approved strategies. When we apply hedge accounting, our policy is to formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives for undertaking the hedge. This process includes specific identification of the hedging instrument and the hedged transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness will be assessed. Both at the inception of the hedge and throughout the hedging relationship, we assess whether the derivatives employed are highly effective in offsetting changes in cash flows of anticipated hedged transactions.

Commodity Price Risk Hedging

Our core business activities involve certain commodity price-related risks that we manage in various ways, including through the use of derivative instruments. Our policy is to (i) only purchase inventory for which we have a market, (ii) structure our sales contracts so that price fluctuations do not materially affect our operating income and (iii) not acquire and hold physical inventory or derivatives for the purpose of speculating on commodity price changes. The material commodity-related risks inherent in our business activities can be divided into the following general categories:

Commodity Purchases and Sales — In the normal course of our operations, we purchase and sell commodities. We use derivatives to manage the associated risks and to optimize profits. As of March 31, 2017, net derivative positions related to these activities included:

- A net long position of 2.6 million barrels associated with our crude oil purchases, which was unwound ratably during April 2017 to match monthly average pricing.
- A net short time spread position of 4.6 million barrels, which hedges a portion of our anticipated crude oil lease gathering purchases through July 2018.
- A crude oil grade basis position of 42.1 million barrels through December 2019. These derivatives allow us to lock in grade basis differentials.
- A net short position of 3.5 Bcf through April 2017 related to anticipated sales of natural gas inventory.
- A net short position of 24.0 million barrels through December 2019 related to anticipated net sales of our crude oil and NGL inventory.

Pipeline Loss Allowance Oil — As is common in the pipeline transportation industry, our tariffs incorporate a loss allowance factor that is intended to, among other things, offset losses due to evaporation, measurement and other losses in transit. We utilize derivative instruments to hedge a portion of the anticipated sales of the loss allowance oil that is to be collected under our tariffs. As of March 31, 2017, our PLA hedges included a long call option position of 0.8 million barrels through December 2018.

Natural Gas Processing/NGL Fractionation — We purchase natural gas for processing and operational needs. Additionally, we purchase NGL mix for fractionation and sell the resulting individual specification products (including ethane, propane, butane and condensate). In conjunction with these activities, we hedge the price risk associated with the purchase of the natural gas and the subsequent sale of the individual specification products. As of March 31, 2017, we had a long natural gas position of 56.7 Bcf which hedges our natural gas processing and operational needs through December 2018. We also had a short propane position of 10.1 million barrels through December 2018, a short butane position of 3.1 million barrels through December 2018 and a short WTI position of 1.0 million barrels through December 2018. In addition, we had a long power position of 0.4 million megawatt hours, which hedges a portion of our power supply requirements at our Canadian natural gas processing and fractionation plants through December 2018.

Physical commodity contracts that meet the definition of a derivative but are ineligible, or not designated, for the normal purchases and normal sales scope exception are recorded on the balance sheet at fair value, with changes in fair value recognized in earnings. We have determined that substantially all of our physical commodity contracts qualify for the normal purchases and normal sales scope exception.

Interest Rate Risk Hedging

We use interest rate derivatives to hedge the benchmark interest rate risk associated with interest payments occurring as a result of debt issuances. The derivative instruments we use to manage this risk consist of forward starting interest rate swaps and treasury locks. These derivatives are designated as cash flow hedges. As such, changes in fair value are deferred in AOCI and are reclassified to interest expense as we incur the interest payments associated with the underlying debt.

The following table summarizes the terms of our outstanding interest derivatives as of March 31, 2017 (notional amounts in millions):

Hedged Transaction	Number and Types of Derivatives Employed	Notional Amount	Expected Termination Date	Average Rate Locked	Accounting Treatment
Anticipated interest payments	8 forward starting swaps (30-year)	$ 200	6/15/2017	3.14%	Cash flow hedge
Anticipated interest payments	8 forward starting swaps (30-year)	$ 200	6/15/2018	3.20%	Cash flow hedge
Anticipated interest payments	8 forward starting swaps (30-year)	$ 200	6/14/2019	2.83%	Cash flow hedge

Currency Exchange Rate Risk Hedging

Because a significant portion of our Canadian business is conducted in CAD and, at times, a portion of our debt is denominated in CAD, we use foreign currency derivatives to minimize the risk of unfavorable changes in exchange rates. These instruments include foreign currency exchange contracts and forwards.

As of March 31, 2017, our outstanding foreign currency derivatives include derivatives we use to hedge currency exchange risk (i) associated with USD-denominated commodity purchases and sales in Canada and (ii) created by the use of USD-denominated commodity derivatives to hedge commodity price risk associated with CAD-denominated commodity purchases and sales.

The following table summarizes our open forward exchange contracts as of March 31, 2017 (in millions):

		USD	CAD	Average Exchange Rate USD to CAD
Forward exchange contracts that exchange CAD for USD:				
	2017	$ 175	$ 234	$1.00 - $1.34
Forward exchange contracts that exchange USD for CAD:				
	2017	$ 428	$ 569	$1.00 - $1.33

Preferred Distribution Rate Reset Option

A derivative feature embedded in a contract that does not meet the definition of a derivative in its entirety must be bifurcated and accounted for separately if the economic characteristics and risks of the embedded derivative are not clearly and closely related to those of the host contract. The Preferred Distribution Rate Reset Option of our Series A preferred units is an embedded derivative that must be bifurcated from the related host contract, our partnership agreement, and recorded at fair value on our Condensed Consolidated Balance Sheets. Corresponding changes in fair value are recognized in “Other income/(expense), net” in our Condensed Consolidated Statement of Operations. At March 31, 2017, the fair value of this embedded derivative was a liability of approximately $36 million. We recognized a loss of approximately $4 million during the three months ended March 31, 2017. See Note 11 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for additional information regarding the Preferred Distribution Rate Reset Option.

Summary of Financial Impact

We record all open derivatives on the balance sheet as either assets or liabilities measured at fair value. Changes in the fair value of derivatives are recognized currently in earnings unless specific hedge accounting criteria are met. For derivatives that qualify as cash flow hedges, changes in fair value of the effective portion of the hedges are deferred in AOCI and recognized in earnings in the periods during which the underlying physical transactions are recognized in earnings. Derivatives that do not qualify for hedge accounting and the portion of cash flow hedges that are not highly effective in offsetting changes in cash flows of the hedged items are recognized in earnings each period. Cash settlements associated with our derivative activities are classified within the same category as the related hedged item in our Condensed Consolidated Statements of Cash Flows.

A summary of the impact of our derivative activities recognized in earnings is as follows (in millions):

Location of Gain/(Loss)	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	Derivatives in Hedging Relationships	Derivatives Not Designated as a Hedge	Total	Derivatives in Hedging Relationships	Derivatives Not Designated as a Hedge	Total
Commodity Derivatives						
Supply and Logistics segment revenues	$ —	$ 96	$ 96	$ 1	$ 31	$ 32
Transportation segment revenues	—	—	—	—	2	2
Field operating costs	—	(3)	(3)	—	(2)	(2)
Interest Rate Derivatives						
Interest expense, net	(2)	—	(2)	(2)	—	(2)
Foreign Currency Derivatives						
Supply and Logistics segment revenues	—	2	2	—	6	6
Preferred Distribution Rate Reset Option						
Other income/(expense), net	—	(4)	(4)	—	—	—
Total Gain/(Loss) on Derivatives Recognized in Net Income	$ (2)	$ 91	$ 89	$ (1)	$ 37	$ 36

The following table summarizes the derivative assets and liabilities on our Condensed Consolidated Balance Sheet on a gross basis as of March 31, 2017 (in millions):

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Commodity derivatives		$ —	Other current assets	$ —
Interest rate derivatives		—	Other current liabilities	(20)
			Other long-term liabilities and deferred credits	(23)
Total derivatives designated as hedging instruments		$ —		$ (43)
Derivatives not designated as hedging instruments:				
Commodity derivatives	Other current assets	$ 79	Other current assets	$ (81)
	Other long-term assets, net	13	Other long-term assets, net	(8)
	Other current liabilities	2	Other current liabilities	(7)
			Other long-term liabilities and deferred credits	(4)
Foreign currency derivatives	Other current assets	1	Other current liabilities	(4)
	Other current liabilities	1		
Preferred Distribution Rate Reset Option		—	Other long-term liabilities and deferred credits	(36)
Total derivatives not designated as hedging instruments		$ 96		$ (140)
Total derivatives		$ 96		$ (183)

The following table summarizes the derivative assets and liabilities on our Condensed Consolidated Balance Sheet on a gross basis as of December 31, 2016 (in millions):

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Commodity derivatives		$ —	Other current assets	$ —
Interest rate derivatives		—	Other current liabilities	(23)
			Other long-term liabilities and deferred credits	(27)
Total derivatives designated as hedging instruments		$ —		$ (50)
Derivatives not designated as hedging instruments:				
Commodity derivatives	Other current assets	$ 101	Other current assets	$ (344)
	Other long-term assets, net	2	Other long-term assets, net	(1)
	Other long-term liabilities and deferred credits	2	Other current liabilities	(14)
			Other long-term liabilities and deferred credits	(34)
Foreign currency derivatives	Other current liabilities	3	Other current liabilities	(6)
Preferred Distribution Rate Reset Option		—	Other long-term liabilities and deferred credits	(32)
Total derivatives not designated as hedging instruments		$ 108		$ (431)
Total derivatives		$ 108		$ (481)

Our derivative transactions are governed through ISDA (International Swaps and Derivatives Association) master agreements and clearing brokerage agreements. These agreements include stipulations regarding the right of set off in the event that we or our counterparty default on performance obligations. If a default were to occur, both parties have the right to net amounts payable and receivable into a single net settlement between parties.

Our accounting policy is to offset derivative assets and liabilities executed with the same counterparty when a master netting arrangement exists. Accordingly, we also offset derivative assets and liabilities with amounts associated with cash margin. Our exchange-traded derivatives are transacted through clearing brokerage accounts and are subject to margin requirements as established by the respective exchange. On a daily basis, our account equity (consisting of the sum of our cash balance and the fair value of our open derivatives) is compared to our initial margin requirement resulting in the payment or return of variation margin. The following table provides the components of our net broker receivable/(payable):

	March 31, 2017	December 31, 2016
Initial margin	$ 92	$ 119
Variation margin posted/(returned)	3	291
Net broker receivable/(payable)	$ 95	$ 410

The following table presents information about derivative financial assets and liabilities that are subject to offsetting, including enforceable master netting arrangements (in millions):

	March 31, 2017		December 31, 2016	
	Derivative Asset Positions	Derivative Liability Positions	Derivative Asset Positions	Derivative Liability Positions
Netting Adjustments:				
Gross position - asset/(liability)	$ 96	$ (183)	$ 108	$ (481)
Netting adjustment	(92)	92	(350)	350
Cash collateral paid/(received)	95	—	410	—
Net position - asset/(liability)	$ 99	$ (91)	$ 168	$ (131)
Balance Sheet Location After Netting Adjustments:				
Other current assets	$ 94	$ —	$ 167	$ —
Other long-term assets, net	5	—	1	—
Other current liabilities	—	(28)	—	(40)
Other long-term liabilities and deferred credits	—	(63)	—	(91)
	$ 99	$ (91)	$ 168	$ (131)

As of March 31, 2017, there was a net loss of $219 million deferred in AOCI. The deferred net loss recorded in AOCI is expected to be reclassified to future earnings contemporaneously with (i) the earnings recognition of the underlying hedged commodity transaction or (ii) interest expense accruals associated with underlying debt instruments. Of the total net loss deferred in AOCI at March 31, 2017, we expect to reclassify a net loss of $8 million to earnings in the next twelve months. The remaining deferred loss of $211 million is expected to be reclassified to earnings through 2049. A portion of these amounts is based on market prices as of March 31, 2017; thus, actual amounts to be reclassified will differ and could vary materially as a result of changes in market conditions.

The following table summarizes the net deferred gain/(loss) recognized in AOCI for derivatives (in millions):

	Three Months Ended March 31,	
	2017	2016
Interest rate derivatives, net	$ 7	$ (90)

At March 31, 2017 and December 31, 2016, none of our outstanding derivatives contained credit-risk related contingent features that would result in a material adverse impact to us upon any change in our credit ratings. Although we may be required to post margin on our cleared derivatives as described above, we do not require our non-cleared derivative counterparties to post collateral with us.

Recurring Fair Value Measurements

Derivative Financial Assets and Liabilities

The following table sets forth by level within the fair value hierarchy our financial assets and liabilities that were accounted for at fair value on a recurring basis (in millions):

	Fair Value as of March 31, 2017				Fair Value as of December 31, 2016			
Recurring Fair Value Measures (1)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Commodity derivatives	$ (6)	$ —	$ —	$ (6)	$ (113)	$ (171)	$ (4)	$ (288)
Interest rate derivatives	—	(43)	—	(43)	—	(50)	—	(50)
Foreign currency derivatives	—	(2)	—	(2)	—	(3)	—	(3)
Preferred Distribution Rate Reset Option	—	—	(36)	(36)	—	—	(32)	(32)
Total net derivative asset/(liability)	$ (6)	$ (45)	$ (36)	$ (87)	$ (113)	$ (224)	$ (36)	$ (373)

(1) Derivative assets and liabilities are presented above on a net basis but do not include related cash margin deposits.

Level 1

Level 1 of the fair value hierarchy includes exchange-traded commodity derivatives such as futures and options. The fair value of exchange-traded commodity derivatives is based on unadjusted quoted prices in active markets.

Level 2

Level 2 of the fair value hierarchy includes exchange-cleared commodity derivatives and over-the-counter commodity, interest rate and foreign currency derivatives that are traded in active markets. In addition, it includes certain physical commodity contracts. The fair value of these derivatives is based on broker price quotations which are corroborated with market observable inputs.

Level 3

Level 3 of the fair value hierarchy includes certain physical commodity contracts and the Preferred Distribution Rate Reset Option contained in our partnership agreement which is classified as an embedded derivative.

The fair value of our Level 3 physical commodity contracts is based on a valuation model utilizing broker-quoted forward commodity prices, and timing estimates, which involve management judgment. The significant unobservable inputs used in the fair value measurement of our Level 3 derivatives are forward prices obtained from brokers. A significant increase or decrease in these forward prices could result in a material change in fair value to our physical commodity contracts. We report unrealized gains and losses associated with these physical commodity contracts in our Condensed Consolidated Statements of Operations as Supply and Logistics segment revenues.

The fair value of the embedded derivative feature contained in our partnership agreement is based on a valuation model that estimates the fair value of the Series A preferred units with and without the Preferred Distribution Rate Reset Option. This model contains inputs, including our common unit price, ten-year U.S. treasury rates, default probabilities and timing estimates which involve management judgment. A significant increase or decrease in the value of these inputs could result in a material change in fair value to this embedded derivative feature. We report unrealized gains and losses associated with this embedded derivative in our Condensed Consolidated Statements of Operations as “Other income/(expense), net.”

To the extent any transfers between levels of the fair value hierarchy occur, our policy is to reflect these transfers as of the beginning of the reporting period in which they occur.

Rollforward of Level 3 Net Asset/(Liability)

The following table provides a reconciliation of changes in fair value of the beginning and ending balances for our derivatives classified as Level 3 (in millions):

	Three Months Ended March 31,	
	2017	2016
Beginning Balance	$ (36)	$ 11
Net losses for the period included in earnings	(3)	(1)
Settlements	3	(9)
Derivatives entered into during the period	—	(60)
Ending Balance	$ (36)	$ (59)
Change in unrealized gains/(losses) included in earnings relating to Level 3 derivatives still held at the end of the period	$ (2)	$ (1)

Note 11—Related Party Transactions

See Note 15 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for a complete discussion of our related party transactions.

Omnibus Agreement

Pursuant to the Omnibus Agreement entered into by the Plains Entities in connection with the Simplification Transactions, we issued approximately 1.8 million units to AAP in connection with PAGP's issuance of Class A shares under its Continuous Offering Program and 48.3 million units to AAP in connection with PAGP's March 2017 underwritten offering. See Note 9 for additional information.

Transactions with Oxy

As of March 31, 2017, Oxy had a representative on the board of directors of PAGP GP and owned approximately 10% of the limited partner interests in AAP. During the three months ended March 31, 2017 and 2016, we recognized sales and transportation revenues and purchased petroleum products from Oxy. These transactions were conducted at posted tariff rates or prices that we believe approximate market. Included in these transactions was a crude oil buy/sell agreement that includes a multi-year minimum volume commitment. The impact to our Condensed Consolidated Statements of Operations from those transactions is included below (in millions):

	Three Months Ended March 31,	
	2017	2016
Revenues	$ 234	$ 112
Purchases and related costs [1]	$ (40)	$ (46)

[1] Purchases and related costs include crude oil buy/sell transactions that are accounted for as inventory exchanges and are presented net in our Condensed Consolidated Statements of Operations.

We currently have a netting arrangement with Oxy. Our gross receivable and payable amounts with Oxy were as follows (in millions):

	March 31, 2017	December 31, 2016
Trade accounts receivable and other receivables	$ 872	$ 789
Accounts payable	$ 818	$ 836

Note 12—Commitments and Contingencies

Loss Contingencies — General

To the extent we are able to assess the likelihood of a negative outcome for a contingency, our assessments of such likelihood range from remote to probable. If we determine that a negative outcome is probable and the amount of loss is reasonably estimable, we accrue an undiscounted liability equal to the estimated amount. If a range of probable loss amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then we accrue an undiscounted liability equal to the minimum amount in the range. In addition, we estimate legal fees that we expect to incur associated with loss contingencies and accrue those costs when they are material and probable of being incurred.

We do not record a contingent liability when the likelihood of loss is probable but the amount cannot be reasonably estimated or when the likelihood of loss is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and the impact would be material to our consolidated financial statements, we disclose the nature of the contingency and, where feasible, an estimate of the possible loss or range of loss.

Legal Proceedings — General

In the ordinary course of business, we are involved in various legal proceedings, including those arising from regulatory and environmental matters. Although we are insured against various risks to the extent we believe it is prudent, there is no assurance that the nature and amount of such insurance will be adequate, in every case, to fully protect us from losses arising from current or future legal proceedings.

Taking into account what we believe to be all relevant known facts and circumstances, and based on what we believe to be reasonable assumptions regarding the application of those facts and circumstances to existing laws and regulations, we do not believe that the outcome of the legal proceedings in which we are currently involved (including those described below) will, individually or in the aggregate, have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Environmental — General

Although over the course of the last several years we have made significant investments in our maintenance and integrity programs, and have hired additional personnel in those areas, we have experienced (and likely will experience future) releases of hydrocarbon products into the environment from our pipeline, rail, storage and other facility operations. These releases can result from accidents or from unpredictable man-made or natural forces and may reach surface water bodies, groundwater aquifers or other sensitive environments. Damages and liabilities associated with any such releases from our existing or future assets could be significant and could have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

We record environmental liabilities when environmental assessments and/or remedial efforts are probable and the amounts can be reasonably estimated. Generally, our recording of these accruals coincides with our completion of a feasibility study or our commitment to a formal plan of action. We do not discount our environmental remediation liabilities to present value. We also record environmental liabilities assumed in business combinations based on the estimated fair value of the environmental obligations caused by past operations of the acquired company. We record receivables for amounts recoverable from insurance or from third parties under indemnification agreements in the period that we determine the costs are probable of recovery.

Environmental expenditures that pertain to current operations or to future revenues are expensed or capitalized consistent with our capitalization policy for property and equipment. Expenditures that result from the remediation of an existing condition caused by past operations and that do not contribute to current or future profitability are expensed.

At March 31, 2017, our estimated undiscounted reserve for environmental liabilities (including liabilities related to the Line 901 incident, as discussed further below) totaled $139 million, of which $59 million was classified as short-term and $80 million was classified as long-term. At December 31, 2016, our estimated undiscounted reserve for environmental liabilities (including liabilities related to the Line 901 incident) totaled $147 million, of which $61 million was classified as short-term and $86 million was classified as long-term. The short- and long-term environmental liabilities referenced above are reflected in “Accounts payable and accrued liabilities” and “Other long-term liabilities and deferred credits,” respectively, on our Condensed Consolidated Balance Sheets. At March 31, 2017, we had recorded receivables totaling $47 million for amounts probable of recovery under insurance and from third parties under indemnification agreements, of which $34 million was reflected in “Trade accounts receivable and other receivables, net” and $13 million was reflected in “Other long-term assets, net” on our Condensed Consolidated Balance Sheet. At December 31, 2016, we had recorded $56 million of such receivables, of which $39 million was reflected in “Trade accounts receivable and other receivables, net” and $17 million was reflected in “Other long-term assets, net” on our Condensed Consolidated Balance Sheet.

In some cases, the actual cash expenditures associated with these liabilities may not occur for three years or longer. Our estimates used in determining these reserves are based on information currently available to us and our assessment of the ultimate outcome. Among the many uncertainties that impact our estimates are the necessary regulatory approvals for, and potential modification of, our remediation plans, the limited amount of data available upon initial assessment of the impact of soil or water contamination, changes in costs associated with environmental remediation services and equipment and the possibility of existing or future legal claims giving rise to additional liabilities. Therefore, although we believe that the reserve is adequate, actual costs incurred (which may ultimately include costs for contingencies that are currently not reasonably estimable or costs for contingencies where the likelihood of loss is currently believed to be only reasonably possible or remote) may be in excess of the reserve and may potentially have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Specific Legal, Environmental or Regulatory Matters

Line 901 Incident. In May 2015, we experienced a crude oil release from our Las Flores to Gaviota Pipeline (Line 901) in Santa Barbara County, California. A portion of the released crude oil reached the Pacific Ocean at Refugio State Beach through a drainage culvert. Following the release, we shut down the pipeline and initiated our emergency response plan. A Unified Command, which includes the United States Coast Guard, the EPA, the California Office of Spill Prevention and Response and the Santa Barbara Office of Emergency Management, was established for the response effort. Clean-up and remediation operations with respect to impacted shoreline and other areas has been determined by the Unified Command to be complete, and the Unified Command has been dissolved. Our estimate of the amount of oil spilled, based on relevant facts, data and information, is approximately 2,934 barrels; of this amount, we estimate that 598 barrels reached the Pacific Ocean.

As a result of the Line 901 incident, several governmental agencies and regulators initiated investigations into the Line 901 incident, various claims have been made against us and a number of lawsuits have been filed against us. We may be subject to additional claims, investigations and lawsuits, which could materially impact the liabilities and costs we currently expect to incur as a result of the Line 901 incident. Set forth below is a brief summary of actions and matters that are currently pending:

On May 21, 2015, we received a corrective action order from the United States Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), the governmental agency with jurisdiction over the operation of Line 901 as well as over a second stretch of pipeline extending from Gaviota Pump Station in Santa Barbara County to Emidio Pump Station in Kern County, California (Line 903), requiring us to shut down, purge, review, remediate and test Line 901. The corrective action order was subsequently amended on June 3, 2015; November 13, 2015; and June 16, 2016 to require us to take additional corrective actions with respect to both Lines 901 and 903 (as amended, the "CAO"). Among other requirements, the CAO also obligates us to conduct a root cause failure analysis with respect to Line 901 and present remedial work plans and restart plans to PHMSA prior to returning Line 901 and 903 to service; the CAO also imposes a pressure restriction on the section of Line 903 between Pentland Pump Station and Emidio Pump Station and requires us to take other specified actions with respect to both Lines 901 and 903. We intend to continue to comply with the CAO and to cooperate with any other governmental investigations relating to or arising out of the release. Excavation and removal of the affected section of the pipeline was completed on May 28, 2015. Line 901 and Line 903 have been purged and are not currently operational. No timeline has been established for the restart of Line 901 or Line 903. On February 17, 2016, PHMSA issued a Preliminary Factual Report of the Line 901 failure, which contains PHMSA's preliminary findings regarding factual information about the events leading up to the accident and the technical analysis that has been conducted to date. On May 19, 2016, PHMSA issued its final Failure Investigation Report regarding the Line 901 incident. PHMSA's findings indicate that the direct cause of the Line 901 incident was external corrosion that thinned the pipe wall to a level where it ruptured suddenly and released crude oil. PHMSA also concluded that there were numerous contributory causes of the Line 901 incident, including ineffective protection against external corrosion, failure to detect and mitigate the corrosion and a lack of timely detection and response to the rupture. The report also included copies of various engineering and technical reports regarding the incident. By virtue of its statutory authority, PHMSA has the power and authority to impose fines and penalties on us and cause civil or criminal charges to be brought against us. While to date PHMSA has not imposed any such fines or penalties or any such civil or criminal charges with respect to the Line 901 release, their investigation is still open and we may have fines or penalties imposed upon us, or civil or criminal charges brought against us, in the future.

On September 11, 2015, we received a Notice of Probable Violation and Proposed Compliance Order from PHMSA arising out of its inspection of Lines 901 and 903 in August, September and October of 2013 (the "2013 Audit NOPV"). The 2013 Audit NOPV alleges that the Partnership committed probable violations of various federal pipeline safety regulations by failing to document, or inadequately documenting, certain activities. On October 12, 2015, the Partnership filed a response to the 2013 Audit NOPV. To date, PHMSA has not issued a final order with respect to the 2013 Audit NOPV, nor has it assessed any fines or penalties with respect thereto; however, we cannot provide any assurances that any such fines or penalties will not be assessed against us.

In late May of 2015, the California Attorney General's Office and the District Attorney's office for the County of Santa Barbara began investigating the Line 901 incident to determine whether any applicable state or local laws had been violated. On May 16, 2016, PAA and one of its employees were charged by a California state grand jury, pursuant to an indictment filed in California Superior Court, Santa Barbara County (the "May 2016 Indictment"), with alleged violations of California law in connection with the Line 901 incident. The indictment included a total of 46 counts, 36 of which were misdemeanor charges relating to wildlife allegedly taken as a result of the accidental release. The remaining 10 counts (currently three felony and seven misdemeanor charges) relate to the release of crude oil or reporting of the release. PAA believes that the criminal charges are unwarranted and that neither PAA nor any of its employees engaged in any criminal behavior at any time in connection with this accident. PAA intends to continue to vigorously defend itself against the charges.

On July 28, 2016, at an arraignment hearing held in California Superior Court in Santa Barbara County, PAA pled not guilty to all counts.

Also in late May of 2015, the United States Attorney for the Department of Justice, Central District of California, Environmental Crimes Section ("DOJ") began an investigation into whether there were any violations of federal criminal statutes in connection with the Line 901 incident, including potential violations of the federal Clean Water Act. We are cooperating with the DOJ's investigation by responding to their requests for documents and access to our employees. The DOJ has already spoken to several of our employees and has expressed an interest in talking to other employees; consistent with the terms of our governing organizational documents, we are funding our employees' defense costs, including the costs of separate counsel engaged to represent such individuals. On August 26, 2015, we received a Request for Information from the EPA relating to Line 901. We have provided various responsive materials to date and we will continue to do so in the future in cooperation with the EPA. While to date no civil or criminal charges with respect to the Line 901 release, other than those brought pursuant to the May 2016 Indictment, have been brought against PAA or any of its affiliates, officers or employees by PHMSA, DOJ, EPA, the California Attorney General, the Santa Barbara District Attorney or the California Department of Fish and Wildlife, and no fines or penalties have been imposed by such governmental agencies, the investigations being conducted by such agencies are still open and we may have fines or penalties imposed upon us, our officers or our employees, or civil or criminal charges brought against us, our officers or our employees in the future, whether by those or other governmental agencies.

Shortly following the Line 901 incident, we established a claims line and encouraged any parties that were damaged by the release to contact us to discuss their damage claims. We have received a number of claims through the claims line and we are processing those claims for payment as we receive them. In addition, we have also had nine class action lawsuits filed against us, six of which have been administratively consolidated into a single proceeding in the United States District Court for the Central District of California. In general, the plaintiffs are seeking to establish different classes of claimants that have allegedly been damaged by the release, including potential classes such as commercial fishermen who landed fish in certain specified fishing blocks in the waters adjacent to Santa Barbara County or from persons or businesses who resold commercial seafood landed in such areas, retail businesses located in and around Santa Barbara, certain owners of oceanfront and/or beachfront property on the Pacific Coast of California, and other classes of individuals and businesses that were allegedly impacted by the release. To date, only the commercial fisherman and seafood reseller class has been certified by the court. We are also defending a separate class action lawsuit proceeding in the United States District Court for the Central District of California brought on behalf of the Line 901 and Line 903 easement holders seeking injunctive relief as well as compensatory damages.

There have also been two securities law class action lawsuits filed on behalf of certain purported investors in the Partnership and/or PAGP against the Partnership, PAGP and/or certain of their respective officers, directors and underwriters. Both of these lawsuits have been consolidated into a single proceeding in the United States District Court for the Southern District of Texas. In general, these lawsuits allege that the various defendants violated securities laws by misleading investors regarding the integrity of the Partnership's pipelines and related facilities through false and misleading statements, omission of material facts and concealing of the true extent of the spill. The plaintiffs claim unspecified damages as a result of the reduction in value of their investments in the Partnership and PAGP, which they attribute to the alleged wrongful acts of the defendants. The Partnership and PAGP, and the other defendants, denied the allegations in, and moved to dismiss these lawsuits. On March 29, 2017, the Court ruled in our favor dismissing all claims against all defendants. Plaintiffs may appeal or refile. Consistent with and subject to the terms of our governing organizational documents (and to the extent applicable, insurance policies), we are indemnifying and funding the defense costs of our officers and directors in connection with these lawsuits; we are also indemnifying and funding the defense costs of our underwriters pursuant to the terms of the underwriting agreements we previously entered into with such underwriters.

In addition, four unitholder derivative lawsuits have been filed by certain purported investors in the Partnership against the Partnership, certain of its affiliates and certain officers and directors. Two of these lawsuits were filed in the United States District Court for the Southern District of Texas and were administratively consolidated into one action and later dismissed on the basis that Plains Partnership agreements require that derivative suits be filed in Delaware Chancery Court. Following the order dismissing the Texas Federal Court suits, a new derivative suit brought by different plaintiffs was filed in Delaware Chancery Court. The other remaining lawsuit was filed in State District Court in Harris County, Texas. In general, these lawsuits allege that the various defendants breached their fiduciary duties, engaged in gross mismanagement and made false and misleading statements, among other similar allegations, in connection with their management and oversight of the Partnership during the period of time leading up to and following the Line 901 release. The plaintiffs in the two remaining lawsuits claim that the Partnership suffered unspecified damages as a result of the actions of the various defendants and seek to hold the defendants liable for such damages, in addition to other remedies. The defendants deny the allegations in these lawsuits and have responded accordingly. Consistent with and subject to the terms of our governing organizational documents

(and to the extent applicable, insurance policies), we are indemnifying and funding the defense costs of our officers and directors in connection with these lawsuits.

We have also had two lawsuits filed against us wherein the respective plaintiffs seek to compel the production of certain books and records that purportedly relate to the Line 901 incident, our alleged failure to comply with certain regulations and other matters. These lawsuits have been consolidated into a single proceeding in the Chancery Court for the State of Delaware.

We have also received several other individual lawsuits and complaints from companies and individuals alleging damages arising out of the Line 901 incident. These lawsuits and claims generally seek compensatory and punitive damages, and in some cases permanent injunctive relief.

In addition to the foregoing, as the "responsible party" for the Line 901 incident we are liable for various costs and for certain natural resource damages under the Oil Pollution Act, and we also have exposure to the payment of additional fines, penalties and costs under other applicable federal, state and local laws, statutes and regulations. To the extent any such costs are reasonably estimable, we have included an estimate of such costs in the loss accrual described below.

Taking the foregoing into account, as of March 31, 2017, we estimate that the aggregate total costs we have incurred or will incur with respect to the Line 901 incident will be approximately $280 million, which estimate includes actual and projected emergency response and clean-up costs, natural resource damage assessments and certain third party claims settlements, as well as estimates for fines, penalties and certain legal fees. We accrued such estimate of aggregate total costs to "Field operating costs" primarily during 2015. This estimate considers our prior experience in environmental investigation and remediation matters and available data from, and in consultation with, our environmental and other specialists, as well as currently available facts and presently enacted laws and regulations. We have made assumptions for (i) the duration of the natural resource damage assessment process and the ultimate amount of damages determined, (ii) the resolution of certain third party claims and lawsuits, but excluding claims and lawsuits with respect to which losses are not probable and reasonably estimable, and excluding future claims and lawsuits, (iii) the determination and calculation of fines and penalties, but excluding fines and penalties that are not probable and reasonably estimable and (iv) the nature, extent and cost of legal services that will be required in connection with all lawsuits, claims and other matters requiring legal or expert advice associated with the Line 901 incident. Our estimate does not include any lost revenue associated with the shutdown of Line 901 or 903 and does not include any liabilities or costs that are not reasonably estimable at this time or that relate to contingencies where we currently regard the likelihood of loss as being only reasonably possible or remote. We believe we have accrued adequate amounts for all probable and reasonably estimable costs; however, this estimate is subject to uncertainties associated with the assumptions that we have made. For example, the amount of time it takes for us to resolve all of the current and future lawsuits, claims and investigations that relate to the Line 901 incident could turn out to be significantly longer than we have assumed, and as a result the costs we incur for legal services could be significantly higher than we have estimated. In addition, with respect to fines and penalties, the ultimate amount of any fines and penalties assessed against us depends on a wide variety of factors, many of which are not estimable at this time. Where fines and penalties are probable and estimable, we have included them in our estimate, although such estimates could turn out to be wrong. Accordingly, our assumptions and estimates may turn out to be inaccurate and our total costs could turn out to be materially higher; therefore, we can provide no assurance that we will not have to accrue significant additional costs in the future with respect to the Line 901 incident.

As of March 31, 2017, we had a remaining undiscounted gross liability of $68 million related to this event, of which approximately $48 million is presented as a current liability in "Accounts payable and accrued liabilities" on our Condensed Consolidated Balance Sheet, with the remainder presented in "Other long-term liabilities and deferred credits". We maintain insurance coverage, which is subject to certain exclusions and deductibles, in the event of such environmental liabilities. Subject to such exclusions and deductibles, we believe that our coverage is adequate to cover the current estimated total emergency response and clean-up costs, claims settlement costs and remediation costs and we believe that this coverage is also adequate to cover any potential increase in the estimates for these costs that exceed the amounts currently identified. Through March 31, 2017, we had collected, subject to customary reservations, $156 million out of the approximate $197 million of release costs that we believe are probable of recovery from insurance carriers, net of deductibles. Therefore, as of March 31, 2017, we have recognized a receivable of approximately $41 million for the portion of the release costs that we believe is probable of recovery from insurance, net of deductibles and amounts already collected. Of this amount, approximately $29 million is recognized as a current asset in "Trade accounts receivable and other receivables, net" on our Condensed Consolidated Balance Sheet, with the remainder in "Other long-term assets, net". We have completed the required clean-up and remediation work as determined by the Unified Command and the Unified Command has been dissolved; however, we expect to make payments for additional costs associated with restoration of the impacted areas, as well as natural resource damage assessment and compensation, legal, professional and regulatory costs, in addition to fines and penalties, during future periods.

In the Matter of Bakersfield Crude Terminal LLC et al. On April 30, 2015, the EPA issued a Finding and Notice of Violation ("NOV") to Bakersfield Crude Terminal LLC, our subsidiary, for alleged violations of the Clean Air Act, as amended. The NOV, which cites 10 separate rule violations, questions the validity of construction and operating permits issued to our Bakersfield rail unloading facility in 2012 and 2014 by the San Joaquin Valley Air Pollution Control District (the "SJV District"). We believe we fully complied with all applicable regulatory requirements and that the permits issued to us by the SJV District are valid. To date, no fines or penalties have been assessed in this matter; however, it is possible that fines and penalties could be assessed in the future.

Mesa to Basin Pipeline. On January 6, 2016, PHMSA issued a Notice of Probable Violation and Proposed Civil Penalty relating to an approximate 500 barrel release of crude oil that took place on January 1, 2015 on our Mesa to Basin 12" pipeline in Midland, Texas. PHMSA conducted an accident investigation and reviewed documentation related to the incident, and concluded that we had committed probable violations of certain pipeline safety regulations. In the Notice, PHMSA maintains that we failed to carry out our written damage prevention program and to follow our pipeline excavation/ditching and backfill procedures on four separate occasions, and that such failures resulted in outside force damage that led to the January 1, 2015 release. In early March 2017, PHMSA issued a final order that concluded that we followed our pipeline excavation/ditching and backfill procedures, but maintained that we failed to carry out our written damage prevention program and imposed a civil penalty of $184,300.

Note 13—Operating Segments

We manage our operations through three operating segments: Transportation, Facilities and Supply and Logistics. Our CODM (our Chief Executive Officer) evaluates segment performance based on measures including segment adjusted EBITDA (as defined below) and maintenance capital investment.

We define segment adjusted EBITDA as revenues and equity earnings in unconsolidated entities less (a) purchases and related costs, (b) field operating costs and (c) segment general and administrative expenses, plus our proportionate share of the depreciation and amortization expense of unconsolidated entities, and further adjusted for certain selected items including (i) gains or losses on derivative instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), gains and losses on derivatives that are related to investing activities (such as the purchase of linefill) and inventory valuation adjustments, as applicable, (ii) long-term inventory costing adjustments, (iii) charges for obligations that are expected to be settled with the issuance of equity instruments, (iv) amounts related to deficiencies associated with minimum volume commitments, net of the applicable amounts subsequently recognized into revenue and (v) other items that our CODM believes are integral to understanding our core segment operating performance.

Segment adjusted EBITDA excludes depreciation and amortization. Maintenance capital consists of capital expenditures for the replacement of partially or fully depreciated assets in order to maintain the operating and/or earnings capacity of our existing assets.

The following tables reflect certain financial data for each segment (in millions):

Three Months Ended March 31, 2017	Transportation	Facilities	Supply and Logistics	Intersegment Adjustment [1]	Total
Revenues:					
External customers	$ 225	$ 134	$ 6,395	$ (87)	$ 6,667
Intersegment [2]	164	159	5	87	415
Total revenues of reportable segments	$ 389	$ 293	$ 6,400	$ —	$ 7,082
Equity earnings in unconsolidated entities	$ 53	$ —	$ —		$ 53
Segment adjusted EBITDA	$ 273	$ 188	$ 51		$ 512
Maintenance capital	$ 29	$ 27	$ 3		$ 59

Three Months Ended March 31, 2016	Transportation	Facilities	Supply and Logistics	Intersegment Adjustment [1]	Total
Revenues:					
External customers	$ 241	$ 138	$ 3,819	$ (87)	$ 4,111
Intersegment [2]	142	127	2	87	358
Total revenues of reportable segments	$ 383	$ 265	$ 3,821	$ —	$ 4,469
Equity earnings in unconsolidated entities	$ 47	$ —	$ —		$ 47
Segment adjusted EBITDA	$ 281	$ 167	$ 184		$ 632
Maintenance capital	$ 35	$ 9	$ 3		$ 47

(1) Transportation revenues from external customers include inventory exchanges that are substantially similar to tariff-like arrangements with our customers. Under these arrangements, our Supply and Logistics segment has transacted the inventory exchange and serves as the shipper on our pipeline systems. See Note 2 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for a discussion of our related accounting policy. We have included an estimate of the revenues from these inventory exchanges in our Transportation segment revenue presented above and adjusted those revenues out such that Total revenue from External customers reconciles to our Condensed Consolidated Statements of Operations. This presentation is consistent with the information provided to our CODM.

(2) Segment revenues include intersegment amounts that are eliminated in Purchases and related costs and Field operating costs in our Condensed Consolidated Statements of Operations. Intersegment sales are conducted at posted tariff rates, rates similar to those charged to third parties or rates that we believe approximate market at the time the agreement is executed or renegotiated.

Segment Adjusted EBITDA Reconciliation

The following table reconciles segment adjusted EBITDA to net income attributable to PAA (in millions):

	Three Months Ended March 31,	
	2017	2016
Segment adjusted EBITDA	$ 512	$ 632
Adjustments [1]:		
Depreciation and amortization of unconsolidated entities [2]	(14)	(12)
Gains/(losses) from derivative activities net of inventory valuation adjustments [3]	289	(122)
Long-term inventory costing adjustments [4]	(7)	(23)
Deficiencies under minimum volume commitments, net [5]	(11)	(27)
Equity-indexed compensation expense [6]	(3)	(4)
Net gain/(loss) on foreign currency revaluation [7]	4	(1)
Significant acquisition-related expenses [8]	(5)	—
Depreciation and amortization	(121)	(114)
Interest expense, net	(129)	(112)
Other income/(expense), net	(5)	5
Income before tax	510	222
Income tax expense	(66)	(19)
Net income	444	203
Net income attributable to noncontrolling interests	—	(1)
Net income attributable to PAA	$ 444	$ 202

(1) Represents adjustments utilized by our CODM in the evaluation of segment results.

(2) Includes our proportionate share of the depreciation and amortization of equity method investments.

(3) We use derivative instruments for risk management purposes and our related processes include specific identification of hedging instruments to an underlying hedged transaction. Although we identify an underlying transaction for each derivative instrument we enter into, there may not be an accounting hedge relationship between the instrument and the underlying transaction. In the course of evaluating our results, we identify the earnings that were recognized during the period related to derivative instruments for which the identified underlying transaction does not occur in the current period and exclude the related gains and losses in determining segment adjusted EBITDA. In addition, we exclude gains and losses on derivatives that are related to investing activities, such as the purchase of linefill. We also exclude the impact of corresponding inventory valuation adjustments, as applicable.

(4) We carry crude oil and NGL inventory that is comprised of minimum working inventory requirements in third-party assets and other working inventory that is needed for our commercial operations. We consider this inventory necessary to conduct our operations and we intend to carry this inventory for the foreseeable future. Therefore, we classify this inventory as long-term on our balance sheet and do not hedge the inventory with derivative instruments (similar to linefill in our own assets). We exclude the impact of changes in the average cost of the long-term inventory (that result from fluctuations in market prices) and writedowns of such inventory that result from price declines from segment adjusted EBITDA.

(5) We have certain agreements that require counterparties to deliver, transport or throughput a minimum volume over an agreed upon period. Substantially all of such agreements were entered into with counterparties to economically support the return on our capital expenditure necessary to construct the related asset. Some of these agreements include make-up rights if the minimum volume is not met. We record a receivable from the counterparty in the period that services are provided or when the transaction occurs, including amounts for deficiency obligations from counterparties associated with minimum volume commitments. If a counterparty has a make-up right associated with a deficiency, we defer the revenue attributable to the counterparty’s make-up right and subsequently recognize the revenue at the earlier of when the deficiency volume is delivered or shipped, when the make-up right expires or when it is determined that the counterparty’s ability to utilize the make-up right is remote. We include the impact of amounts billed to counterparties for their deficiency obligation, net of applicable amounts subsequently recognized into revenue, as a selected item impacting comparability. Our CODM views the inclusion of the contractually committed revenues associated with that period as meaningful to segment adjusted EBITDA as the related asset has been constructed, is standing ready to provide the committed service and the fixed operating costs are included in the current period results.

(6) Includes equity-indexed compensation expense associated with awards that will or may be settled in units.

(7) Includes gains and losses from the revaluation of foreign currency transactions and monetary assets and liabilities.

(8) Includes acquisition-related expenses associated with the ACC Acquisition. See Note 6 for additional discussion. An adjustment for these non-recurring expenses is included in the calculation of segment adjusted EBITDA for the three months ended March 31, 2017 as our CODM does not view such expenses as integral to understanding our core segment operating performance. Acquisition-related expenses for the 2016 period were not significant to segment adjusted EBITDA.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion is intended to provide investors with an understanding of our financial condition and results of our operations and should be read in conjunction with our historical Consolidated Financial Statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations as presented in our 2016 Annual Report on Form 10-K. For more detailed information regarding the basis of presentation for the following financial information, see the Condensed Consolidated Financial Statements and related notes that are contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our discussion and analysis includes the following:

- Executive Summary
- Acquisitions and Capital Projects
- Results of Operations
- Outlook
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Recent Accounting Pronouncements
- Critical Accounting Policies and Estimates
- Forward-Looking Statements

Executive Summary

Company Overview

We own and operate midstream energy infrastructure and provide logistics services for crude oil, NGL, natural gas and refined products. We own an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. We were formed in 1998, and our operations are conducted directly and indirectly through our operating subsidiaries and are managed through three operating segments: Transportation, Facilities and Supply and Logistics. See "—Results of Operations —Analysis of Operating Segments" for further discussion.

Overview of Operating Results, Capital Investments and Other Significant Activities

During the first three months of 2017, we recognized net income attributable to PAA of $444 million as compared to net income attributable to PAA of $202 million recognized during the first three months of 2016. Our financial results for the comparative periods were impacted by:

- The favorable impact of gains on certain derivative instruments and contributions from our recently completed acquisitions and capital expansion projects, partially offset by less favorable crude oil and NGL market conditions and margin compression caused by continued intense competition;
- Higher interest expense primarily related to financing activities associated with our capital investments; and
- Higher income tax expense primarily due to higher year-over-year income as impacted by fluctuations in derivative mark-to-market valuations in our Canadian operations.

See further discussion of our segment operating results in the "—Results of Operations—Analysis of Operating Segments" and "—Other Income and Expenses" sections below.

We invested $307 million in midstream infrastructure projects during the three months ended March 31, 2017, with a targeted expansion capital plan for the full year of 2017 of approximately $900 million. Additionally, in February 2017, we acquired a crude oil gathering system located in the Northern Delaware Basin for approximately $1.217 billion and a marine propane terminal for $41 million. To fund such capital activities, we sold approximately 54.1 million common units for net proceeds of approximately $1.7 billion. We also continued to advance our strategic divestiture program during the first quarter of 2017, completing two non-core asset sales for cash proceeds of approximately $161 million and entering into a definitive sales agreement for approximately $225 million that we expect to close in the second quarter or early in the third quarter of 2017, subject to customary closing conditions, including the receipt of regulatory approvals.

Subsequent to March 31, 2017, we completed the formation of a 50/50 joint venture, which subsequently acquired a crude oil pipeline located in the Southern Delaware Basin for $133 million, of which $66.5 million represents our 50% share.

We paid approximately $371 million of cash distributions to our common unitholders during the three months ended March 31, 2017, and we declared a quarterly distribution of $0.55 per common unit to be paid on May 15, 2017.

Acquisitions and Capital Projects

The following table summarizes our expenditures for acquisition capital, expansion capital and maintenance capital (in millions):

	Three Months Ended March 31,	
	2017	2016
Acquisition capital [1] [2]	$ 1,258	$ 85
Expansion capital [1] [3]	307	370
Maintenance capital [3]	59	47
	$ 1,624	$ 502

(1) Acquisition capital for the first three months of 2017 primarily relates to the ACC Acquisition. See Note 6 to our Condensed Consolidated Financial Statements for further discussion regarding our acquisition activities.

(2) Acquisitions of initial investments or additional interests in unconsolidated entities are included in “Acquisition capital.” Subsequent contributions to unconsolidated entities related to expansion projects of such entities are recognized in “Expansion capital.” We account for our investments in such entities under the equity method of accounting.

(3) Capital expenditures made to expand the existing operating and/or earnings capacity of our assets are classified as expansion capital. Capital expenditures for the replacement of partially or fully depreciated assets in order to maintain the operating and/or earnings capacity of our existing assets are classified as maintenance capital.

Expansion Capital Projects

The following table summarizes our notable projects in progress during 2017 and the estimated cost for the year ending December 31, 2017 (in millions):

Projects	2017
Diamond Pipeline	$300
Permian Basin Area Systems	150
Fort Saskatchewan Facility Projects	90
STACK Projects	50
Cushing Terminal Expansions	30
St. James Terminal Projects	20
Other Projects	260
Total Projected 2017 Expansion Capital Expenditures	$900

Results of Operations

The following table sets forth an overview of our consolidated financial results calculated in accordance with GAAP (in millions, except per unit data).

	Three Months Ended March 31,		Variance	
	2017	2016	$	%
Transportation segment adjusted EBITDA [1]	$ 273	$ 281	$ (8)	(3)%
Facilities segment adjusted EBITDA [1]	188	167	21	13 %
Supply and Logistics segment adjusted EBITDA [1]	51	184	(133)	(72)%
Adjustments:				
Depreciation and amortization of unconsolidated entities	(14)	(12)	(2)	(17)%
Selected items impacting comparability - segment adjusted EBITDA	267	(177)	444	**
Depreciation and amortization	(121)	(114)	(7)	(6)%
Interest expense, net	(129)	(112)	(17)	(15)%
Other income/(expense), net	(5)	5	(10)	**
Income tax expense	(66)	(19)	(47)	(247)%
Net income	444	203	241	119 %
Net income attributable to noncontrolling interests	—	(1)	1	100 %
Net income attributable to PAA	$ 444	$ 202	$ 242	120 %
Basic net income per common unit	$ 0.59	$ 0.07	$ 0.52	743 %
Diluted net income per common unit	$ 0.58	$ 0.07	$ 0.51	729 %
Basic weighted average common units outstanding	691	398	293	74 %
Diluted weighted average common units outstanding	758	399	359	90 %

** Indicates that variance as a percentage is not meaningful.

(1) Segment adjusted EBITDA is the measure of segment performance that is utilized by our Chief Operating Decision Maker (“CODM”) to assess performance and allocate resources among our operating segments. This measure is adjusted for certain items, including those that our CODM believes impact comparability of results across periods. See Note 13 to our Condensed Consolidated Financial Statements for additional discussion of such adjustments.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with GAAP, management uses additional measures known as "non-GAAP financial measures" in its evaluation of past performance and prospects for the future. The primary additional measures used by management are earnings before interest, taxes, depreciation and amortization (including our proportionate share of depreciation and amortization of unconsolidated entities) and adjusted for certain selected items impacting comparability ("Adjusted EBITDA") and implied distributable cash flow ("DCF").

Management believes that the presentation of such additional financial measures provides useful information to investors regarding our performance and results of operations because these measures, when used to supplement related GAAP financial measures, (i) provide additional information about our core operating performance and ability to fund distributions to our unitholders through cash generated by our operations, (ii) provide investors with the same financial analytical framework upon which management bases financial, operational, compensation and planning/budgeting decisions and (iii) present measurements that investors, rating agencies and debt holders have indicated are useful in assessing us and our results of operations. These non-GAAP measures may exclude, for example, (i) charges for obligations that are expected to be settled with the issuance of equity instruments, (ii) gains or losses on derivative instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), the mark-to-market related to our Preferred Distribution Rate Reset Option, gains and losses on derivatives that are related to investing activities (such as the purchase of linefill) and inventory valuation adjustments, as applicable, (iii) long-term inventory costing adjustments, (iv) items that are not indicative of our core operating results and business outlook and/or (v) other items that we believe should be excluded in understanding our core operating performance. These measures may further be adjusted to include amounts related to deficiencies associated with minimum volume commitments whereby we have billed the counterparties for their deficiency obligation and such amounts are recognized as deferred revenue in "Accounts payable and accrued liabilities" in our Condensed Consolidated Financial Statements. Such amounts are presented net of applicable amounts subsequently recognized into revenue. We have defined all such items as "selected items impacting comparability." We do not necessarily consider all of our selected items impacting comparability to be non-recurring, infrequent or unusual, but we believe that an understanding of these selected items impacting comparability is material to the evaluation of our operating results and prospects.

Although we present selected items impacting comparability that management considers in evaluating our performance, you should also be aware that the items presented do not represent all items that affect comparability between the periods presented. Variations in our operating results are also caused by changes in volumes, prices, exchange rates, mechanical interruptions, acquisitions, expansion projects and numerous other factors as discussed, as applicable, in "Analysis of Operating Segments."

Our definition and calculation of certain non-GAAP financial measures may not be comparable to similarly-titled measures of other companies. Adjusted EBITDA and Implied DCF are reconciled to Net Income, the most directly comparable measure as reported in accordance with GAAP, and should be viewed in addition to, and not in lieu of, our Condensed Consolidated Financial Statements and footnotes.

The following table sets forth the reconciliation of these non-GAAP financial performance measures from Net Income (in millions):

	Three Months Ended March 31,		Variance	
	2017	2016	$	%
Net income	$ 444	$ 203	$ 241	119 %
Add/(Subtract):				
Interest expense, net	129	112	17	15 %
Income tax expense	66	19	47	247 %
Depreciation and amortization	121	114	7	6 %
Depreciation and amortization of unconsolidated entities [1]	14	12	2	17 %
Selected Items Impacting Comparability - Adjusted EBITDA:				
(Gains)/losses from derivative activities net of inventory valuation adjustments [2]	(289)	122	(411)	**
Long-term inventory costing adjustments [3]	7	23	(16)	**
Deficiencies under minimum volume commitments, net [4]	11	27	(16)	(59)%
Equity-indexed compensation expense [5]	3	4	(1)	**
Net (gain)/loss on foreign currency revaluation [6]	(4)	1	(5)	**
Significant acquisition-related expenses [7]	5	—	5	**
Selected Items Impacting Comparability - segment adjusted EBITDA	(267)	177	(444)	**
Losses from derivative activities [2]	4	—	4	**
Net (gain)/loss on foreign currency revaluation [6]	1	(4)	5	**
Selected Items Impacting Comparability - Adjusted EBITDA [8]	$ (262)	$ 173	$ (435)	**
Adjusted EBITDA [8]	512	633	(121)	(19)%
Interest expense, net [9]	(125)	(108)	(17)	(16)%
Maintenance capital [10]	(59)	(47)	(12)	(26)%
Current income tax expense	(10)	(31)	21	68 %
Adjusted equity earnings in unconsolidated entities, net of distributions [11]	(15)	(7)	(8)	(114)%
Distributions to noncontrolling interests [12]	—	(1)	1	100 %
Implied DCF	$ 303	$ 439	$ (136)	(31)%
Less: Distributions paid [12]	(399)	(433)		
DCF Excess/(Shortage) [13]	$ (96)	$ 6		

** Indicates that variance as a percentage is not meaningful.

(1) Over the past several years, we have increased our participation in pipeline strategic joint ventures, which are accounted for under the equity method of accounting. Our proportionate share of the depreciation and amortization expense associated with such unconsolidated entities is excluded when reviewing Adjusted EBITDA, similar to our consolidated pipelines.

(2) We use derivative instruments for risk management purposes and our related processes include specific identification of hedging instruments to an underlying hedged transaction. Although we identify an underlying transaction for each derivative instrument we enter into, there may not be an accounting hedge relationship between the instrument and the underlying transaction. In the course of evaluating our results of operations, we identify the earnings that were recognized during the period related to derivative instruments for which the identified underlying transaction does not occur in the current period and exclude the related gains and losses in determining Adjusted EBITDA. In addition, we exclude gains and losses on derivatives that are related to investing activities, such as the purchase of linefill. We also exclude the impact of corresponding inventory valuation adjustments, as applicable, as well as the mark-to-market adjustment related to our Preferred Distribution Rate Reset Option. See Note 10 to our Condensed Consolidated Financial Statements for a comprehensive discussion regarding our derivatives and risk management activities and our Preferred Distribution Rate Reset Option.

(3) We carry crude oil and NGL inventory that is comprised of minimum working inventory requirements in third-party assets and other working inventory that is needed for our commercial operations. We consider this inventory necessary to conduct our operations and we intend to carry this inventory for the foreseeable future. Therefore, we classify this inventory as long-term on our balance sheet and do not hedge the inventory with derivative instruments (similar to linefill in our own assets). We treat the impact of changes in the average cost of the long-term inventory (that result from fluctuations in market prices) and writedowns of such inventory that result from price declines as a selected item impacting comparability. See Note 4 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for additional inventory disclosures.

(4) We have certain agreements that require counterparties to deliver, transport or throughput a minimum volume over an agreed upon period. Substantially all of such agreements were entered into with counterparties to economically support the return on our capital expenditure necessary to construct the related asset. Some of these agreements include make-up rights if the minimum volume is not met. We record a receivable from the counterparty in the period that services are provided or when the transaction occurs, including amounts for deficiency obligations from counterparties associated with minimum volume commitments. If a counterparty has a make-up right associated with a deficiency, we defer the revenue attributable to the counterparty's make-up right and subsequently recognize the revenue at the earlier of when the deficiency volume is delivered or shipped, when the make-up right expires or when it is determined that the counterparty's ability to utilize the make-up right is remote. We include the impact of amounts billed to counterparties for their deficiency obligation, net of applicable amounts subsequently recognized into revenue, as a selected item impacting comparability. We believe the inclusion of the contractually committed revenues associated with that period is meaningful to investors as the related asset has been constructed, is standing ready to provide the committed service and the fixed operating costs are included in the current period results.

(5) Our total equity-indexed compensation expense includes expense associated with awards that will or may be settled in units and awards that will or may be settled in cash. The awards that will or may be settled in units are included in our diluted net income per unit calculation when the applicable performance criteria have been met. We consider the compensation expense associated with these awards as a selected item impacting comparability as the dilutive impact of the outstanding awards is included in our diluted net income per unit calculation, as applicable, and the majority of the awards are expected to be settled in units. The portion of compensation expense associated with awards that are certain to be settled in cash is not considered a selected item impacting comparability. See Note 16 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for a comprehensive discussion regarding our equity-indexed compensation plans.

(6) During the periods presented, there were fluctuations in the value of CAD to USD, resulting in gains and losses that were not related to our core operating results for the period and were thus classified as a selected item impacting comparability. See Note 10 to our Condensed Consolidated Financial Statements for discussion regarding our currency exchange rate risk hedging activities.

(7) Includes acquisition-related expenses associated with the ACC Acquisition. See Note 6 to our Condensed Consolidated Financial Statements for additional discussion.

(8) Adjusted EBITDA includes Other income/expense, net adjusted for selected items impacting comparability. Segment adjusted EBITDA is exclusive of such amounts.

(9) Excludes certain non-cash items impacting interest expense such as amortization of debt issuance costs and terminated interest rate swaps.

(10) Maintenance capital expenditures are defined as capital expenditures for the replacement of partially or fully depreciated assets in order to maintain the operating and/or earnings capacity of our existing assets.

(11) Represents the difference between non-cash equity earnings in unconsolidated entities (adjusted for our proportionate share of depreciation and amortization) and cash distributions received from such entities.

(12) Includes cash distributions that pertain to the current period's net income and are paid in the subsequent period.

(13) Excess DCF is retained to establish reserves for future distributions, capital expenditures and other partnership purposes. DCF shortages are funded from previously established reserves, cash on hand or from borrowings under our credit facilities or commercial paper program.

Analysis of Operating Segments

We manage our operations through three operating segments: Transportation, Facilities and Supply and Logistics. Our CODM (our Chief Executive Officer) evaluates segment performance based on a variety of measures including segment adjusted EBITDA, segment volumes, segment adjusted EBITDA per barrel and maintenance capital investment.

We define segment adjusted EBITDA as revenues and equity earnings in unconsolidated entities less (a) purchases and related costs, (b) field operating costs and (c) segment general and administrative expenses, plus our proportionate share of the depreciation and amortization expense of unconsolidated entities, and further adjusted for certain selected items including (i) the mark-to-market of derivative instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), gains and losses on derivatives that are related to investing activities (such as the purchase of linefill) and inventory valuation adjustments, as applicable, (ii) long-term inventory costing adjustments, (iii) charges for obligations that are expected to be settled with the issuance of equity instruments, (iv) amounts related to deficiencies associated with minimum volume commitments, net of applicable amounts subsequently recognized into revenue and (v) other items that our CODM believes are integral to understand our core segment operating performance. See Note 13 to our Condensed Consolidated Financial Statements for a reconciliation of segment adjusted EBITDA to net income attributable to PAA.

Revenues and expenses from our Canadian based subsidiaries, which use CAD as their functional currency, are translated at the prevailing average exchange rates for the month.

Transportation Segment

Our Transportation segment operations generally consist of fee-based activities associated with transporting crude oil and NGL on pipelines, gathering systems, trucks and barges. The Transportation segment generates revenue through a combination of tariffs, third-party pipeline capacity agreements and other transportation fees.

The following tables set forth our operating results from our Transportation segment:

Operating Results (1)	**Three Months Ended March 31,**		**Favorable/(Unfavorable) Variance**	
(in millions, except per barrel data)	**2017**	**2016**	**$**	**%**
Revenues				
Tariff activities	$ 352	$ 349	$ 3	1 %
Trucking	37	34	3	9 %
Total transportation revenues	389	383	6	2 %
Costs and expenses				
Trucking costs	(24)	(21)	(3)	(14)%
Field operating costs [2]	(137)	(137)	—	— %
Equity-indexed compensation expense - field operating costs	(4)	—	(4)	**
Segment general and administrative expenses [2] [3]	(27)	(23)	(4)	(17)%
Equity-indexed compensation expense - general and administrative	(2)	(2)	—	**
Equity earnings in unconsolidated entities	53	47	6	13 %
Adjustments [4]:				
Depreciation and amortization of unconsolidated entities	14	12	2	17 %
Deficiencies under minimum volume commitments, net	5	20	(15)	(75)%
Equity-indexed compensation expense	1	2	(1)	**
Significant acquisition-related expenses	5	—	5	**
Segment adjusted EBITDA	$ 273	$ 281	$ (8)	(3)%
Maintenance capital	$ 29	$ 35	$ 6	17 %
Segment adjusted EBITDA per barrel	$ 0.64	$ 0.67	$ (0.03)	(4)%

Average Daily Volumes (in thousands of barrels per day) (5)	Three Months Ended March 31, 2017	2016	Favorable/(Unfavorable) Variance Volumes	%
Tariff activities volumes				
Crude oil pipelines (by region):				
Permian Basin (6)	2,466	2,045	421	21 %
South Texas / Eagle Ford (6)	310	313	(3)	(1)%
Western	189	175	14	8 %
Rocky Mountain (6)	385	437	(52)	(12)%
Gulf Coast	342	581	(239)	(41)%
Central (6)	405	379	26	7 %
Canada	363	394	(31)	(8)%
Crude oil pipelines	4,460	4,324	136	3 %
NGL pipelines	180	178	2	1 %
Tariff activities total volumes	4,640	4,502	138	3 %
Trucking volumes	114	106	8	8 %
Transportation segment total volumes	4,754	4,608	146	3 %

** Indicates that variance as a percentage is not meaningful.

(1) Revenues and costs and expenses include intersegment amounts.

(2) Field operating costs and Segment general and administrative expenses exclude equity-indexed compensation expense, which is presented separately in the table above.

(3) Segment general and administrative expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments. The proportional allocations by segment require judgment by management and are based on the business activities that exist during each period.

(4) Represents adjustments included in the performance measure utilized by our CODM in the evaluation of segment results. See Note 13 to our Condensed Consolidated Financial Statements for additional discussion of such adjustments.

(5) Average daily volumes are calculated as the total volumes (attributable to our interest) for the period divided by the number of days in the period.

(6) Region includes volumes (attributable to our interest) from pipelines owned by unconsolidated entities.

Tariffs and other fees on our pipeline systems vary by receipt point and delivery point. The segment results generated by our tariff and other fee-related activities depend on the volumes transported on the pipeline and the level of the tariff and other fees charged, as well as the fixed and variable field costs of operating the pipeline. As is common in the pipeline transportation industry, our tariffs incorporate a loss allowance factor that is intended to offset losses due to evaporation, measurement and other losses in transit. We value the variance of allowance volumes to actual losses at the estimated net realizable value (including the impact of gains and losses from derivative-related activities) at the time the variance occurred and the result is recorded as either an increase or decrease to tariff activities revenues.

The following is a discussion of items impacting Transportation segment operating results for the periods indicated.

Revenues from Tariff Activities, Equity Earnings in Unconsolidated Entities and Volumes. The following table presents variances in tariff activities revenues and equity earnings in unconsolidated entities by region for the comparative periods presented:

(in millions)	Favorable/(Unfavorable) Variance Three Months Ended March 31, 2017-2016 Revenues	Equity Earnings
Tariff activities:		
Permian Basin region	$ 25	$ 1
Rocky Mountain region	(8)	2
Gulf Coast region	(11)	—
Other (including pipeline loss allowance revenue)	(3)	3
Total tariff activities variance	$ 3	$ 6

- Permian Basin region — The increase in revenues was largely driven by (i) increased production in the Delaware Basin, which favorably impacted our Basin pipeline, (ii) higher volumes on our Cactus pipeline and (iii) results from the Alpha Crude Connector gathering system, which we acquired in February 2017.

- Rocky Mountain region — The decrease in revenues was largely driven by (i) lower volumes due to downtime on our Wahsatch pipeline, which we proactively shut down for approximately 30 days during the first quarter of 2017 as a precautionary measure in response to indications of soil movement identified by our monitoring systems, and (ii) the sale of 50% of our investment in Cheyenne Pipeline in June 2016, subsequent to which it was accounted for under the equity method of accounting.

  Equity earnings increased primarily due to earnings from (i) our 40% investment in the entity that owns the Saddlehorn Pipeline, a segment of which was placed in service in the third quarter of 2016, and (ii) our 50% investment in Cheyenne Pipeline, as discussed above.

- Gulf Coast region — Revenues and volumes decreased primarily due to the sale of certain of our Gulf Coast pipelines in March 2016 and July 2016.

Adjustments: Deficiencies under minimum volume commitments, net. Many industry infrastructure projects developed and completed over the last several years were underpinned by long-term minimum volume commitment contracts whereby the shipper, based on an expectation of continued production growth, agreed to either: (i) ship and pay for certain stated volumes or (ii) pay the agreed upon price for a minimum contract quantity. The activity presented in the table above primarily reflects the amounts billed in the respective quarter under minimum volume commitment contracts. As production increased in the Permian Basin, shippers were able to fulfill the contracts. Accordingly, such amounts were lesser in magnitude for the first quarter of 2017.

Segment General and Administrative Expenses. The increase in segment general and administrative expenses (excluding equity-indexed compensation expense) for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily due to costs associated with our acquisition activities.

Equity-Indexed Compensation Expense. The following table presents total equity-indexed compensation expense by segment (in millions):

Operating Segment	Three Months Ended March 31, 2017	2016	Favorable/ (Unfavorable) Variance
Transportation	$ 6	$ 2	$ (4)
Facilities	3	1	(2)
Supply and Logistics	3	1	(2)
	$ 12	$ 4	$ (8)

Across all segments, equity-indexed compensation expense increased by $8 million for the three months ended March 31, 2017 compared to the same period in 2016, primarily due to more probable awards outstanding and a higher average value for those awards during the three months ended March 31, 2017 compared to the same period in 2016. See Note 16 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for additional information regarding our equity-indexed compensation plans.

Maintenance Capital. Maintenance capital consists of capital expenditures for the replacement of partially or fully depreciated assets in order to maintain the operating and/or earnings capacity of our existing assets. The decrease in maintenance capital for the three months ended March 31, 2017 compared to the same period in 2016 was primarily driven by the sale of certain Gulf Coast pipelines in March 2016 and July 2016.

Facilities Segment

Our Facilities segment operations generally consist of fee-based activities associated with providing storage, terminalling and throughput services for crude oil, refined products, NGL and natural gas, as well as NGL fractionation and isomerization services and natural gas and condensate processing services. The Facilities segment generates revenue through a combination of month-to-month and multi-year agreements and processing arrangements.

The following tables set forth our operating results from our Facilities segment:

Operating Results (1)	Three Months Ended March 31,		Favorable/(Unfavorable)Variance	
(in millions, except per barrel data)	2017	2016	$	%
Revenues	$ 293	$ 265	$ 28	11 %
Natural gas related costs	(11)	(5)	(6)	(120)%
Field operating costs (2)	(82)	(85)	3	4 %
Equity-indexed compensation expense - field operating costs	(1)	—	(1)	**
Segment general and administrative expenses (2) (3)	(17)	(15)	(2)	(13)%
Equity-indexed compensation expense - general and administrative	(2)	(1)	(1)	**
Adjustments (4):				
Deficiencies under minimum volume commitments, net	6	7	(1)	(14)%
Losses from derivative activities net of inventory valuation adjustments	2	—	2	**
Equity-indexed compensation expense	—	1	(1)	**
Segment adjusted EBITDA	$ 188	$ 167	$ 21	13 %
Maintenance capital	$ 27	$ 9	$ (18)	(200)%
Segment adjusted EBITDA per barrel	$ 0.47	$ 0.44	$ 0.03	7 %

Volumes (5)	Three Months Ended March 31,		Favorable/(Unfavorable)Variance	
	2017	2016	Volumes	%
Crude oil, refined products and NGL terminalling and storage (average monthly capacity in millions of barrels)	111	105	6	6 %
Rail load / unload volumes (average volumes in thousands of barrels per day)	35	91	(56)	(62)%
Natural gas storage (average monthly working capacity in billions of cubic feet)	97	97	—	— %
NGL fractionation (average volumes in thousands of barrels per day)	125	115	10	9 %
Facilities segment total volumes (average monthly volumes in millions of barrels) (6)	132	127	5	4 %

** Indicates that variance as a percentage is not meaningful.

(1) Revenues and costs and expenses include intersegment amounts.

(2) Field operating costs and Segment general and administrative expenses exclude equity-indexed compensation expense, which is presented separately in the table above.

(3) Segment general and administrative expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments. The proportional allocations by segment require judgment by management and are based on the business activities that exist during each period.

(4) Represents adjustments included in the performance measure utilized by our CODM in the evaluation of segment results. See Note 13 to our Condensed Consolidated Financial Statements for additional discussion of such adjustments.

(5) Average monthly volumes are calculated as total volumes for the period divided by the number of months in the period.

(6) Facilities segment total volumes is calculated as the sum of: (i) crude oil, refined products and NGL terminalling and storage capacity; (ii) rail load and unload volumes multiplied by the number of days in the period and divided by the number of months in the period; (iii) natural gas storage working capacity divided by 6 to account for the 6:1 mcf of natural gas to crude Btu equivalent ratio and further divided by 1,000 to convert to monthly volumes in millions; and (iv) NGL fractionation volumes multiplied by the number of days in the period and divided by the number of months in the period.

The following is a discussion of items impacting Facilities segment operating results for the periods indicated.

Revenues and Volumes. Variances in revenues and average monthly volumes for the comparative periods were driven by:

- NGL Storage, NGL Fractionation and Canadian Natural Gas Processing — Revenues increased by $33 million primarily due to contributions from the Western Canada NGL assets we acquired in August 2016 and also from higher fees at certain of our NGL storage and fractionation facilities, which were largely offset in our Supply and Logistics segment results.

- Rail Terminals — Revenues decreased by $8 million primarily due to lower volumes at our U.S. terminals resulting from less favorable market conditions, partially offset by revenues and volumes from our Fort Saskatchewan rail terminal that came on line in April 2016.

- Crude Oil Storage — Revenues decreased by $3 million primarily due to (i) lower results related to the sale of certain of our East Coast terminals in April 2016 and (ii) decreased utilization at certain of our West Coast terminals. Such decreases were partially offset by increased revenues from our St. James and Cushing terminals due to aggregate capacity expansions of over 2.5 million barrels and higher ancillary fees.

Field Operating Costs. The decrease in field operating costs (excluding equity-indexed compensation expense) for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily due to reduced rail activity and cost reduction efforts. Such decreases were largely offset by an increase in operating costs associated with the Western Canada NGL assets acquired in August 2016.

Equity-indexed compensation expense. See "—Analysis of Operating Segments—Transportation Segment" for discussion of equity-indexed compensation expense for the periods presented.

Maintenance Capital. The increase in maintenance capital for the three months ended March 31, 2017 compared to the same period in 2016 was primarily due to increased investment in our integrity management program, primarily on assets at our West Coast terminals.

Supply and Logistics Segment

Our revenues from supply and logistics activities reflect the sale of gathered and bulk-purchased crude oil, as well as sales of NGL volumes purchased from suppliers and natural gas sales attributable to the activities performed by our natural gas storage commercial optimization group. Generally, our segment profit is impacted by (i) increases or decreases in our Supply and Logistics segment volumes (which consist of lease gathering crude oil purchases volumes, NGL sales volumes and waterborne cargos), (ii) the effects of competition on our lease gathering and NGL margins and (iii) the overall volatility and strength or weakness of market conditions and the allocation of our assets among our various risk management strategies. In addition, the execution of our risk management strategies in conjunction with our assets can provide upside in certain markets. Although segment profit may be adversely affected during certain transitional periods as discussed further below, our crude oil

and NGL supply, logistics and distribution operations are not directly affected by the absolute level of prices, but are affected by overall levels of supply and demand for crude oil and NGL and relative fluctuations in market-related indices.

The following tables set forth our operating results from our Supply and Logistics segment:

Operating Results (1)	Three Months Ended March 31,		Favorable/(Unfavorable)Variance	
(in millions, except per barrel data)	2017	2016	$	%
Revenues	$ 6,400	$ 3,821	$ 2,579	67 %
Purchases and related costs	(5,970)	(3,677)	(2,293)	(62)%
Field operating costs [2]	(67)	(81)	14	17 %
Equity-indexed compensation expense - field operating costs	—	—	—	**
Segment general and administrative expenses [2] [3]	(23)	(25)	2	8 %
Equity-indexed compensation expense - general and administrative	(3)	(1)	(2)	**
Adjustments [4]:				
(Gains)/losses from derivative activities net of inventory valuation adjustments	(291)	122	(413)	**
Long-term inventory costing adjustments	7	23	(16)	**
Net (gain)/loss on foreign currency revaluation	(4)	1	(5)	**
Equity-indexed compensation expense	2	1	1	**
Segment adjusted EBITDA	$ 51	$ 184	$ (133)	(72)%
Maintenance capital	$ 3	$ 3	$ —	— %
Segment adjusted EBITDA per barrel	$ 0.45	$ 1.65	$ (1.20)	(73)%

Average Daily Volumes	Three Months Ended March 31,		Favorable/(Unfavorable)Variance	
(in thousands of barrels per day)	2017	2016	Volumes	%
Crude oil lease gathering purchases	916	913	3	— %
NGL sales	351	308	43	14 %
Waterborne cargos	7	7	—	— %
Supply and Logistics segment total	1,274	1,228	46	4 %

** Indicates that variance as a percentage is not meaningful.

(1) Revenues and costs include intersegment amounts.

(2) Field operating costs and Segment general and administrative expenses exclude equity-indexed compensation expense, which is presented separately in the table above.

(3) Segment general and administrative expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments. The proportional allocations by segment require judgment by management and are based on the business activities that exist during each period.

(4) Represents adjustments included in the performance measure utilized by our CODM in the evaluation of segment results. See Note 13 to our Condensed Consolidated Financial Statements for additional discussion of such adjustments.

The following table presents the range of the NYMEX WTI benchmark price of crude oil (in dollars per barrel):

	NYMEX WTI Crude Oil Price	
	Low	High
Three months ended March 31, 2017	$ 47	$ 54
Three months ended March 31, 2016	$ 26	$ 41

Because the commodities that we buy and sell are generally indexed to the same pricing indices for both sales and purchases, revenues and costs related to purchases will fluctuate with market prices. However, the margins related to those sales and purchases will not necessarily have a corresponding increase or decrease. The absolute amount of our revenues and purchases increased for the three months ended March 31, 2017 compared to the same period in 2016 primarily due to higher crude oil prices. Additionally, revenues were impacted by gains from certain derivative activities.

Generally, we expect a base level of earnings from our Supply and Logistics segment from the assets employed by this segment. This base level may be optimized and enhanced when there is a high level of market volatility, favorable basis differentials and/or a steep contango or backwardated market structure. During certain transitional periods, such as the current extended period of lower crude oil prices, our ability to generate above base-level earnings is challenging, and taking into account the overcapacity of midstream assets and increased competition that currently exists in most crude oil producing regions, generating even baseline-level performance is challenging. Our NGL operations are also impacted by similar competitive pressures. In addition, our NGL operations are sensitive to weather-related demand, particularly during the approximate five-month peak heating season of November through March, and temperature differences from period-to-period may have a significant effect on NGL demand and thus our financial performance.

The following is a discussion of items impacting Supply and Logistics segment operating results for the periods indicated.

Net Revenues and Volumes. Our Supply and Logistics segment revenues, net of purchases and related costs, increased by $286 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, as gains from certain derivative activities (as discussed further below) more than offset lower results from less favorable market conditions. The following summarizes the significant items impacting the comparative periods:

- Impact from Certain Derivative Activities Net of Inventory Valuation Adjustments — The impact from certain derivative activities on our net revenues includes mark-to-market and other gains and losses resulting from certain derivative instruments that are related to underlying activities in another period (or the reversal of mark-to-market gains and losses from a prior period) and inventory valuation adjustments, as applicable. See Note 10 to our Condensed Consolidated Financial Statements for a comprehensive discussion regarding our derivatives and risk management activities. These gains and losses impact our net revenues but are excluded from segment adjusted EBITDA and thus are reflected as an “Adjustment” in the table above.

- Crude Oil Operations — Net revenues from our crude oil supply and logistics activities decreased for the three months ended March 31, 2017 as compared to the same 2016 period, primarily due to continued and intensifying competition, largely due to overbuilt infrastructure underwritten with volume commitments and the effect of such on differentials, as well as volume declines in certain areas, which negatively impacted our unit margins. See the “Outlook” section below for additional discussion of recent market conditions.

- NGL Operations — Net revenues from our NGL operations decreased for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016, largely due to (i) higher supply costs driven by competition, which more than offset higher sales volume from the Western Canada NGL assets acquired in August 2016, (ii) warmer weather during the 2016-2017 heating season and (iii) higher storage and processing fees for the 2017 period, which were largely offset in our Facilities segment results.

- Long-Term Inventory Costing Adjustments — Our net revenues are impacted by changes in the weighted average cost of our crude oil and NGL inventory pools that result from price movements during the periods. These costing adjustments related to long-term inventory necessary to meet our minimum inventory requirements in third-party assets and other working inventory that was needed for our commercial operations. We consider this inventory necessary to conduct our operations and we intend to carry this inventory for the foreseeable future. These costing adjustments impact our net revenues but are excluded from segment adjusted EBITDA and thus are reflected as an “Adjustment” in the table above.

- Foreign Exchange Impacts — Our net revenues are impacted by fluctuations in the value of CAD to USD, resulting in foreign exchange gains and losses on U.S. denominated net assets within our Canadian operations. In addition, the appreciation of CAD relative to USD resulted in higher net USD costs of approximately $4 million for the three months ended March 31, 2017 compared to the same period in 2016. Such costs are primarily associated with intercompany facility fees and are largely offset in our Facilities segment results.

Field Operating Costs. The decrease in field operating costs (excluding equity-indexed compensation expense) for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily due to a combination of lower driver wages, shorter truck hauls and reduced use of third party trucking services as pipeline expansion projects were placed into service.

Equity-indexed compensation expense. See "—Analysis of Operating Segments—Transportation Segment" for discussion of equity-indexed compensation expense for the periods presented.

Other Income and Expenses

Depreciation and Amortization

Depreciation and amortization expense for the three months ended March 31, 2017 and 2016 includes net gains of approximately $4 million and $6 million, respectively, which were primarily associated with non-core asset sales during the periods. Excluding such gains, depreciation and amortization expense increased for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 primarily due to additional depreciation and amortization expense associated with recently acquired assets and the completion of various capital expansion projects, partially offset by the write-off in 2016 of $10 million of costs associated with the discontinuation of certain capital projects.

Interest Expense

The increase in interest expense for the three months ended March 31, 2017 over the three months ended March 31, 2016 was primarily due to (i) lower capitalized interest driven by fewer capital projects under construction and (ii) a higher weighted average debt balance.

Other Income/(Expense), Net

Other income/(expense), net for the three months ended March 31, 2017 was impacted by a loss of $4 million related to the mark-to-market adjustment of our Preferred Distribution Rate Reset Option. See Note 10 to our Condensed Consolidated Financial Statements for additional information. Excluding such loss, Other income/(expense), net for the periods presented was primarily comprised of gains or losses from the revaluation of foreign currency transactions and monetary assets and liabilities.

Income Tax Expense

Income tax expense increased for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 primarily due to higher year-over-year income as impacted by fluctuations in derivative mark-to-market valuations in our Canadian operations.

Outlook

Market Overview and Outlook

See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Market Overview and Outlook" included in Item 7 of our 2016 Annual Report on Form 10-K for a discussion of historical crude oil market conditions and our view on potential drilling and production activity levels. The increase in crude oil prices during the fourth quarter of 2016 and early 2017 led to increased rig activity in areas where we anticipated production levels to increase, most notably the Permian Basin and the STACK resource play in Oklahoma.

Producer drilling activity has been rising in many of the producing basins where we operate. For example, since early February 2017, Permian Basin rig counts have increased by over 20%, adding approximately 60 rigs over the ensuing three month period. In addition, upstream acreage acquisition activity in the Permian Basin continued throughout the first quarter of 2017, with over $7 billion in acreage transactions announced, which involved meaningful positions located in the Northern Delaware Basin. Current rig counts do not fully reflect the expected increase associated with certain of these transactions. In addition to increases in well productivity, we expect a continuation of a time lag between increased drilling activity and increased production as producers shift to multiple well pad operations and delayed scheduling of completion activities.

Taking all of these factors into account, we continue to expect production levels to ramp up in the second half of this year. The increased production levels should increase pipeline utilization in our Transportation Segment. Longer term, we believe rising production levels will also provide some potential relief on the margin compression we have been experiencing within our Supply and Logistics segment. However, we can provide no assurance that the improvement in market conditions will be achieved or that we will not be negatively impacted by declining crude oil supply, lower commodity prices, reduced producer activity levels, competition for incremental volumes, reduced margins, low levels of volatility, challenging capital markets conditions or other related factors. Additionally, construction of additional infrastructure by us and our competitors could lead to even greater levels of excess takeaway capacity in certain areas for the near- to medium-term, which could further reduce unit margins in our various segments, and which could be exacerbated by declining levels of crude oil production. Finally, we cannot be certain that our expansion efforts will generate targeted returns or that any recently completed or future acquisition activities will be successful. See “Risk Factors—Risks Related to Our Business” discussed in Item 1A of our 2016 Annual Report on Form 10-K.

Outlook for Certain Idled and Underutilized Assets

During 2015, we shut down Line 901 and a portion of Line 903 in California following the release of crude oil (see Note 12 to our Condensed Consolidated Financial Statements for additional information). During the period since these pipelines were idled, we have been assessing potential alternatives in order to return them to operation. Some of the alternatives under consideration could result in incurring costs associated with retiring certain assets or an impairment of some or all of the carrying value of the idled property and equipment, which was approximately $94 million as of March 31, 2017 and December 31, 2016.

We own a 54% undivided joint interest in the Capline Pipeline (“Capline”) system, which originates in St. James, Louisiana and terminates in Patoka, Illinois. We anticipate the construction of new crude oil pipeline infrastructure and the ongoing changing crude oil flows in the United States may result in a decline in volumes on the Capline system in future years to levels that cannot sustain operations. The owners of the Capline system are considering various alternatives for the use of the pipeline system, including an assessment of the commercial potential to reverse the pipeline direction within the next several years. Developments in the commercial outlook for the Capline system could result in incurring costs associated with retiring certain assets or an impairment of the carrying value of our interest in the Capline system, which was $201 million and $227 million at March 31, 2017 and December 31, 2016, respectively.

Liquidity and Capital Resources

General

Our primary sources of liquidity are (i) cash flow from operating activities, (ii) borrowings under our credit facilities or commercial paper program and (iii) funds received from sales of equity and debt securities. In addition, we may supplement these sources of liquidity with proceeds from our non-core asset sales program, as further discussed below in the section entitled “—Acquisitions, Investments, Expansion Capital Expenditures and Divestitures.” Our primary cash requirements include, but are not limited to, (i) ordinary course of business uses, such as the payment of amounts related to the purchase of crude oil, NGL and other products and other expenses and interest payments on outstanding debt, (ii) expansion and maintenance activities, (iii) acquisitions of assets or businesses, (iv) repayment of principal on our long-term debt and (v) distributions to our unitholders. We generally expect to fund our short-term cash requirements through cash flow generated from operating activities and/or borrowings under our commercial paper program or credit facilities. In addition, we generally expect to fund our long-term needs, such as those resulting from expansion activities or acquisitions and refinancing our long-term debt, through a variety of sources (either separately or in combination), which may include the sources mentioned above as funding for short-term needs and/or the issuance of additional equity or debt securities. As of March 31, 2017, we had a working capital surplus of $54 million and approximately $2.8 billion of liquidity available to meet our ongoing operating, investing and financing needs, subject to continued covenant compliance, as noted below (in millions):

	As of March 31, 2017
Availability under senior unsecured revolving credit facility [1] [2]	$ 1,582
Availability under senior secured hedged inventory facility [1] [2]	1,091
Availability under senior unsecured 364-day revolving credit facility	1,000
Amounts outstanding under commercial paper program	(958)
Subtotal	2,715
Cash and cash equivalents	38
Total	$ 2,753

(1) Represents availability prior to giving effect to amounts outstanding under our commercial paper program, which reduce available capacity under the facilities.

(2) Available capacity was reduced by outstanding letters of credit of $77 million, comprised of $18 million under the senior unsecured revolving credit facility and $59 million under the senior secured hedged inventory facility.

We believe that we have, and will continue to have, the ability to access the commercial paper program and credit facilities, which we use to meet our short-term cash needs. We believe that our financial position remains solid and we have sufficient liquidity; however, extended disruptions in the financial markets and/or energy price volatility that adversely affect our business may have a materially adverse effect on our financial condition, results of operations or cash flows. Also, see Item 1A. “Risk Factors” of our 2016 Annual Report on Form 10-K for further discussion regarding such risks that may impact our liquidity and capital resources. Usage of the credit facilities, which provide the backstop for the commercial paper program, is subject to ongoing compliance with covenants. As of March 31, 2017, we were in compliance with all such covenants.

Cash Flow from Operating Activities

For a comprehensive discussion of the primary drivers of cash flow from operating activities, including the impact of varying market conditions and the timing of settlement of our derivatives, see Item 7. “Liquidity and Capital Resources—Cash Flow from Operating Activities” included in our 2016 Annual Report on Form 10-K.

Net cash provided by operating activities for the first three months of 2017 and 2016 was $816 million and $635 million, respectively, and primarily resulted from earnings from our operations. Net cash provided by operating activities for the 2017 period was also positively impacted by a decrease in margin balances required as part of our hedging activities that were funded by short-term debt. Additionally, as discussed further below, changes in our inventory levels during these periods impacted our cash flow from operating activities.

During the three months ended March 31, 2017, we decreased the overall volume of inventory that we held, primarily due to the seasonal sale of NGL and natural gas inventory resulting in a favorable impact on our cash provided by operating activities. However, the favorable effects from liquidation of such inventory were partially offset by higher prices for crude oil inventory that was purchased and stored at the end of the quarter due to contango market conditions.

During the three months ended March 31, 2016, we decreased the overall volume of inventory that we held, primarily due to the seasonal sale of NGL and natural gas inventory. The net proceeds received from liquidation of such inventory were used to repay borrowings under our commercial paper program and favorably impacted cash flow from operating activities during the period. Additionally, lower inventory levels were further impacted by lower prices for such inventory stored at the end of the quarter compared to the prior year end. However, the favorable effects from liquidation of our NGL and natural gas inventory were partially offset by increased levels of crude oil inventory purchased and stored due to contango market conditions.

Minimum Volume Commitments. We have certain agreements that require counterparties to deliver, transport or throughput a minimum volume over an agreed upon period. Some of these agreements include make-up rights if the minimum volume is not met. We record a receivable from the counterparty in the period that services are provided or when the transaction occurs, including amounts for deficiency obligations from counterparties associated with minimum volume commitments. If a counterparty has a make-up right associated with a deficiency, we defer the revenue attributable to the counterparty make-up right and subsequently recognize the revenue at the earlier of when the deficiency volume is delivered or shipped, when the make-up right expires or when it is determined that the counterparty’s ability to utilize the make-up right is

remote. Deferred revenue associated with non-performance under minimum volume contracts could be significant and could adversely affect our profitability and earnings, but generally does not impact our liquidity.

At March 31, 2017 and December 31, 2016, counterparty deficiencies associated with agreements that include minimum volume commitments totaled $74 million and $66 million, respectively, of which $62 million and $54 million, respectively, was recorded as deferred revenue. The balance of $12 million at each respective date was related to deficiencies for which the counterparties had not met their contractual minimum commitments and were not reflected in our Condensed Consolidated Financial Statements as we had not yet billed or collected such amounts.

Acquisitions, Investments, Expansion Capital Expenditures and Divestitures

In addition to our operating needs discussed above, we also use cash for our acquisition activities and expansion capital projects. Historically, we have financed these expenditures primarily with cash generated by operating activities and the financing activities discussed in "—Equity and Debt Financing Activities" below. In the near term, we also intend to use proceeds from our asset sales program, as discussed further below. We have made and will continue to make capital expenditures for acquisitions, expansion capital and maintenance capital.

Acquisitions. During the three months ended March 31, 2017 and 2016, we paid cash of $1.254 billion (net of cash acquired of $4 million) and $85 million, respectively, for acquisitions. The acquisitions completed during the three months ended March 31, 2017 primarily included the ACC System located in the Northern Delaware Basin in Southeastern New Mexico and West Texas. See Note 6 to our Condensed Consolidated Financial Statements for additional information regarding the ACC Acquisition. The ACC Acquisition was initially funded through borrowings under our senior unsecured revolving credit facility. Such borrowings were subsequently repaid with proceeds from our March 2017 issuance of common units to AAP pursuant to the Omnibus Agreement and in connection with a PAGP underwritten equity offering.

On April 3, 2017, we and an affiliate of Noble Midstream Partners LP completed the acquisition of Advantage Pipeline, L.L.C. for a purchase price of $133 million through a newly formed 50/50 joint venture. For our 50% share ($66.5 million), we contributed approximately 1.3 million common units and approximately $26 million in cash.

2017 Capital Projects. We invested approximately $307 million in midstream infrastructure during the three months ended March 31, 2017, and we expect to invest approximately $900 million during the year ended December 31, 2017. See "—Acquisitions and Capital Projects" for detail of our projected capital expenditures for the year ending December 31, 2017. The majority of funding for our 2017 capital program was provided by proceeds from common unit issuances during the first quarter of 2017, with the remaining funding expected to be provided by the sale of various non-core assets throughout the year.

Divestitures. Our strategic divestiture program includes the evaluation of potential sales of non-core assets and/or sales of partial interests in assets to strategic joint venture partners to optimize our asset portfolio and strengthen our balance sheet and leverage metrics. We sold certain non-core assets for proceeds of $161 million during the three months ended March 31, 2017, and we expect to close an additional approximately $500 million of sales during the second quarter or early in the third quarter of 2017, subject to customary closing conditions. See Note 6 to our Condensed Consolidated Financial Statements for additional information regarding these asset sales and divestitures.

Equity and Debt Financing Activities

Our financing activities primarily relate to funding expansion capital projects, acquisitions and refinancing of our debt maturities, as well as short-term working capital and hedged inventory borrowings related to our NGL business and contango market activities. Our financing activities have primarily consisted of equity offerings, senior notes offerings and borrowings and repayments under our credit facilities or commercial paper program, as well as payment of distributions to our unitholders.

Registration Statements. We periodically access the capital markets for both equity and debt financing. We have filed with the SEC a universal shelf registration statement that, subject to effectiveness at the time of use, allows us to issue up to an aggregate of $2.0 billion of debt or equity securities ("Traditional Shelf"). Our issuances of equity securities associated with our Continuous Offering Program have been issued pursuant to the Traditional Shelf. At March 31, 2017, we had approximately $1.1 billion of unsold securities available under the Traditional Shelf. We also have access to a universal shelf registration statement ("WKSI Shelf"), which provides us with the ability to offer and sell an unlimited amount of debt and equity securities, subject to market conditions and our capital needs. We did not conduct any offerings under our WKSI Shelf during the three months ended March 31, 2017.

Sales of Common Units. The following table summarizes our sales of common units during the three months ended March 31, 2017 (net proceeds in millions):

Type of Offering	Common Units Issued		Net Proceeds [1]	
Continuous Offering Program	4,033,567		$ 129	[2]
Omnibus Agreement [3]	50,086,326	[4]	1,535	
	54,119,893		**$ 1,664**	

[1] Amounts are net of costs associated with the offerings.

[2] We pay commissions to our sales agents in connection with common units issuances under our Continuous Offering Program. We paid $1 million of such commissions during the three months ended March 31, 2017.

[3] Pursuant to the Omnibus Agreement entered into by the Plains Entities in connection with the Simplification Transactions, PAGP has agreed to use the net proceeds from any public or private offering and sale of Class A shares, after deducting the sales agents' commissions and offering expenses, to purchase from AAP a number of AAP units equal to the number of Class A shares sold in such offering at a price equal to the net proceeds from such offering. The Omnibus Agreement also provides that immediately following such purchase and sale, AAP will use the net proceeds it receives from such sale of AAP units to purchase from us an equivalent number of our common units.

[4] Includes (i) approximately 1.8 million common units issued to AAP in connection with PAGP's issuance of Class A shares under its Continuous Offering Program and (ii) 48.3 million common units issued to AAP in connection with PAGP's March 2017 underwritten offering.

Credit Agreements, Commercial Paper Program and Indentures. Our credit agreements (which impact our ability to access our commercial paper program because they provide the backstop that supports our short-term credit ratings) and the indentures governing our senior notes contain cross-default provisions. A default under our credit agreements would permit the lenders to accelerate the maturity of the outstanding debt. As long as we are in compliance with the provisions in our credit agreements, our ability to make distributions of available cash is not restricted. As of March 31, 2017, we were in compliance with the covenants contained in our credit agreements and indentures.

During the three months ended March 31, 2017, we had net repayments on our credit facilities and commercial paper program of $352 million. The net repayments resulted primarily from cash flow from operating activities and cash received from our equity activities, which offset borrowings during the period related to funding needs for (i) acquisition and capital investments, (ii) inventory purchases and related margin balances required as part of our hedging activities, (iii) repayment of our $400 million, 6.13% senior notes in January 2017 and (iv) other general partnership purposes.

During the three months ended March 31, 2016, we had net repayments under our credit facilities and commercial paper program of $1.5 billion. These net repayments resulted primarily from cash flow from operating activities, including sales of NGL and natural gas inventory that was liquidated during the period, as well as cash received from our equity activities.

Distributions to Our Unitholders

Distributions to our Series A preferred unitholders. On May 15, 2017, we will issue 1,313,527 additional Series A preferred units in lieu of paying a cash distribution of $34 million. See Note 9 to our Condensed Consolidated Financial Statements for details of distributions pertaining to the first three months of 2017.

Distributions to our common unitholders. In accordance with our partnership agreement, after making distributions to holders of outstanding Series A preferred units, we distribute all of our available cash to common unitholders of record within 45 days following the end of each quarter. Available cash is generally defined as all of our cash and cash equivalents on hand at the end of each quarter less reserves established in the discretion of our general partner for future requirements. Our available cash also includes cash on hand resulting from borrowings made after the end of the quarter. On May 15, 2017, we will pay a quarterly distribution of $0.55 per common unit, which is unchanged from our prior two quarterly distributions, but represents a year-over-year distribution decrease of approximately 21%. See Note 9 to our Condensed Consolidated Financial Statements for details of distributions paid during or pertaining to the first three months of 2017. Also, see Item 5. "Market for Registrant's Common Units, Related Unitholder Matters and Issuer Purchases of Equity Securities—Cash Distribution Policy" included in our 2016 Annual Report on Form 10-K for additional discussion regarding distributions.

We believe that we have sufficient liquid assets, cash flow from operating activities and borrowing capacity under our credit agreements to meet our financial commitments, debt service obligations, contingencies and anticipated capital expenditures. We are, however, subject to business and operational risks that could adversely affect our cash flow. A prolonged material decrease in our cash flows would likely produce an adverse effect on our borrowing capacity.

Contingencies

For a discussion of contingencies that may impact us, see Note 12 to our Condensed Consolidated Financial Statements.

Commitments

Contractual Obligations. In the ordinary course of doing business, we purchase crude oil and NGL from third parties under contracts, the majority of which range in term from thirty-day evergreen to five years, with a limited number of contracts with remaining terms extending up to approximately nine years. We establish a margin for these purchases by entering into various types of physical and financial sale and exchange transactions through which we seek to maintain a position that is substantially balanced between purchases on the one hand and sales and future delivery obligations on the other. In addition, we enter into similar contractual obligations in conjunction with our natural gas operations. The table below includes purchase obligations related to these activities. Where applicable, the amounts presented represent the net obligations associated with our counterparties (including giving effect to netting buy/sell contracts and those subject to a net settlement arrangement). We do not expect to use a significant amount of internal capital to meet these obligations, as the obligations will be funded by corresponding sales to entities that we deem creditworthy or who have provided credit support we consider adequate.

The following table includes our best estimate of the amount and timing of these payments as well as others due under the specified contractual obligations as of March 31, 2017 (in millions):

	Remainder of 2017	2018	2019	2020	2021	2022 and Thereafter	Total
Long-term debt, including current maturities and related interest payments [1]	$ 360	$ 1,054	$ 1,270	$ 870	$ 940	$ 11,054	$ 15,548
Leases and rights-of-way easements [2]	143	167	142	119	98	447	1,116
Other obligations [3]	482	209	155	131	128	436	1,541
Subtotal	985	1,430	1,567	1,120	1,166	11,937	18,205
Crude oil, natural gas, NGL and other purchases [4]	4,626	2,992	2,395	1,653	1,460	4,832	17,958
Total	$ 5,611	$ 4,422	$ 3,962	$ 2,773	$ 2,626	$ 16,769	$ 36,163

(1) Includes debt service payments, interest payments due on senior notes, the commitment fee on assumed available capacity under our credit facilities. Although there may be short-term borrowings under our credit facilities and commercial paper program, we historically repay and borrow at varying amounts. As such, we have included only the maximum commitment fee (as if no short-term borrowings were outstanding on the facilities or commercial paper program) in the amounts above.

(2) Leases are primarily for (i) surface rentals, (ii) office rent, (iii) pipeline assets and (iv) trucks, trailers and railcars. Includes capital and operating leases as defined by FASB guidance, as well as obligations for rights-of-way easements.

(3) Includes (i) other long-term liabilities, (ii) storage, processing and transportation agreements and (iii) non-cancelable commitments related to our capital expansion projects, including projected contributions for our share of the capital spending of our equity method investments. The transportation agreements include approximately $830 million associated with an agreement to transport crude oil on a pipeline that is owned by an equity method investee, in which we own a 50% interest. Our commitment to transport is supported by crude oil buy/sell agreements with third parties (including Oxy) with commensurate quantities.

(4) Amounts are primarily based on estimated volumes and market prices based on average activity during March 2017. The actual physical volume purchased and actual settlement prices will vary from the assumptions used in the table. Uncertainties involved in these estimates include levels of production at the wellhead, weather conditions, changes in market prices and other conditions beyond our control.

Letters of Credit. In connection with supply and logistics activities, we provide certain suppliers with irrevocable standby letters of credit to secure our obligation for the purchase of crude oil, NGL and natural gas. Additionally, we issue letters of credit to support insurance programs, derivative transactions and construction activities. At March 31, 2017 and December 31, 2016, we had outstanding letters of credit of approximately $77 million and $73 million, respectively.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined by Item 303 of Regulation S-K.

Recent Accounting Pronouncements

See Note 2 to our Condensed Consolidated Financial Statements.

Critical Accounting Policies and Estimates

For a discussion regarding our critical accounting policies and estimates, see “Critical Accounting Policies and Estimates” under Item 7 of our 2016 Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

All statements included in this report, other than statements of historical fact, are forward-looking statements, including but not limited to statements incorporating the words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend” and “forecast,” as well as similar expressions and statements regarding our business strategy, plans and objectives for future operations. The absence of such words, expressions or statements, however, does not mean that the statements are not forward-looking. Any such forward-looking statements reflect our current views with respect to future events, based on what we believe to be reasonable assumptions. Certain factors could cause actual results or outcomes to differ materially from the results or outcomes anticipated in the forward-looking statements. The most important of these factors include, but are not limited to:

- declines in the volume of crude oil and NGL shipped, processed, purchased, stored, fractionated and/or gathered at or through the use of our assets, whether due to declines in production from existing oil and gas reserves, reduced demand, failure to develop or slowdown in the development of additional oil and gas reserves, whether from reduced cash flow to fund drilling or the inability to access capital, or other factors;
- the effects of competition;
- market distortions caused by producer over-commitments to new or recently constructed infrastructure projects, which impacts volumes, margins, returns and overall earnings;
- unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof);
- environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;
- maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties;
- fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, refined products and natural gas and resulting changes in pricing conditions or transportation throughput requirements;
- the occurrence of a natural disaster, catastrophe, terrorist attack (including eco-terrorist attacks) or other event, including attacks on our electronic and computer systems;
- failure to implement or capitalize, or delays in implementing or capitalizing, on expansion projects, whether due to permitting delays, permitting withdrawals or other factors;
- tightened capital markets or other factors that increase our cost of capital or limit our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;

- the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations;
- the currency exchange rate of the Canadian dollar;
- continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business;
- inability to recognize current revenue attributable to deficiency payments received from customers who fail to ship or move more than minimum contracted volumes until the related credits expire or are used;
- non-utilization of our assets and facilities;
- increased costs, or lack of availability, of insurance;
- weather interference with business operations or project construction, including the impact of extreme weather events or conditions;
- the availability of, and our ability to consummate, acquisition or combination opportunities;
- the effectiveness of our risk management activities;
- shortages or cost increases of supplies, materials or labor;
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements, and related interpretations;
- fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans;
- risks related to the development and operation of our assets, including our ability to satisfy our contractual obligations to our customers;
- factors affecting demand for natural gas and natural gas storage services and rates;
- general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and
- other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids.

Other factors described herein, as well as factors that are unknown or unpredictable, could also have a material adverse effect on future results. Please read “Risk Factors” discussed in Item 1A of our 2016 Annual Report on Form 10-K. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including (i) commodity price risk, (ii) interest rate risk and (iii) currency exchange rate risk. We use various derivative instruments to manage such risks and, in certain circumstances, to realize incremental margin during volatile market conditions. Our risk management policies and procedures are designed to help ensure that our hedging activities address our risks by monitoring our exchange-cleared and over-the-counter positions, as well as physical volumes, grades, locations, delivery schedules and storage capacity. We have a risk management function that has direct responsibility and authority for our risk policies, related controls around commercial activities and certain aspects of corporate risk management. Our risk management function also approves all new risk management strategies through a formal process. The following discussion addresses each category of risk.

Commodity Price Risk

We use derivative instruments to hedge price risk associated with the following commodities:

- *Crude oil*

  We utilize crude oil derivatives to hedge commodity price risk inherent in our Supply and Logistics and Transportation segments. Our objectives for these derivatives include hedging anticipated purchases and sales, stored inventory, and storage capacity utilization. We manage these exposures with various instruments including exchange-traded and over-the-counter futures, forwards, swaps and options.

- *Natural gas*

  We utilize natural gas derivatives to hedge commodity price risk inherent in our Supply and Logistics and Facilities segments. Our objectives for these derivatives include hedging anticipated purchases and sales and managing our anticipated base gas requirements. We manage these exposures with various instruments including exchange-traded futures, swaps and options.

- *NGL and other*

  We utilize NGL derivatives, primarily butane and propane derivatives, to hedge commodity price risk inherent in our Supply and Logistics segment. Our objectives for these derivatives include hedging anticipated purchases and sales and stored inventory. We manage these exposures with various instruments including exchange-traded and over-the-counter futures, forwards, swaps and options.

See Note 10 to our Condensed Consolidated Financial Statements for further discussion regarding our hedging strategies and objectives.

The fair value of our commodity derivatives and the change in fair value as of March 31, 2017 that would be expected from a 10% price increase or decrease is shown in the table below (in millions):

	Fair Value	Effect of 10% Price Increase	Effect of 10% Price Decrease
Crude oil	$ 4	$ (84)	$ 85
Natural gas	(7)	$ 11	$ (11)
NGL and other	(3)	$ (43)	$ 43
Total fair value	$ (6)		

The fair values presented in the table above reflect the sensitivity of the derivative instruments only and do not include the effect of the underlying hedged commodity. Price-risk sensitivities were calculated by assuming an across-the-board 10% increase or decrease in price regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an actual 10% change in near-term commodity prices, the fair value of our derivative portfolio would typically change less than that shown in the table as changes in near-term prices are not typically mirrored in delivery months further out.

Interest Rate Risk

Our use of variable rate debt and any forecasted issuances of fixed rate debt expose us to interest rate risk. Therefore, from time to time, we use interest rate derivatives to hedge interest rate risk associated with anticipated interest payments and, in certain cases, outstanding debt instruments. All of our senior notes are fixed rate notes and thus are not subject to interest rate risk. Our variable rate debt outstanding at March 31, 2017, approximately $1.2 billion, was subject to interest rate re-sets that range from less than one week to approximately one month. The average interest rate on variable rate debt that was outstanding during the three months ended March 31, 2017 was 1.8%, based upon rates in effect during such period. The fair value of our interest rate derivatives was a liability of $43 million as of March 31, 2017. A 10% increase in the forward LIBOR curve as of March 31, 2017 would have resulted in an increase of $33 million to the fair value of our interest rate derivatives. A 10% decrease in the forward LIBOR curve as of March 31, 2017 would have resulted in a decrease of $33 million to the fair value of our interest rate derivatives. See Note 10 to our Condensed Consolidated Financial Statements for a discussion of our interest rate risk hedging activities.

Currency Exchange Rate Risk

We use foreign currency derivatives to hedge foreign currency exchange rate risk associated with our exposure to fluctuations in the USD-to-CAD exchange rate. Because a significant portion of our Canadian business is conducted in CAD and, at times, a portion of our debt is denominated in CAD, we use certain financial instruments to minimize the risks of unfavorable changes in exchange rates. These instruments include foreign currency exchange contracts, forwards and options. The fair value of our foreign currency derivatives was a liability of $2 million as of March 31, 2017. A 10% increase in the exchange rate (USD-to-CAD) would have resulted in a decrease of $25 million to the fair value of our foreign currency derivatives. A 10% decrease in the exchange rate (USD-to-CAD) would have resulted in an increase of $25 million to the fair value of our foreign currency derivatives. See Note 10 to our Condensed Consolidated Financial Statements for a discussion of our currency exchange rate risk hedging.

Preferred Distribution Rate Reset Option

The Preferred Distribution Rate Reset Option of our Series A preferred units is an embedded derivative that must be bifurcated from the related host contract, our partnership agreement, and recorded at fair value in our Condensed Consolidated Balance Sheets. The valuation model utilized for this embedded derivative contains inputs including our common unit price, ten-year U.S. treasury rates and default probabilities to ultimately calculate the fair value of our Series A preferred units with and without the Preferred Distribution Rate Reset Option. The fair value of this embedded derivative was a liability of $36 million as of March 31, 2017. A 10% increase in the fair value would have an impact of $4 million. A 10% decrease in the fair value would also have an impact of $4 million. See Note 10 to our Condensed Consolidated Financial Statements for a discussion of embedded derivatives.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain written disclosure controls and procedures, which we refer to as our “DCP.” Our DCP is designed to ensure that information required to be disclosed by us in reports that we file under the Securities Exchange Act of 1934 (the “Exchange Act”) is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosure.

Applicable SEC rules require an evaluation of the effectiveness of our DCP. Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our DCP as of March 31, 2017, the end of the period covered by this report, and, based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our DCP is effective.

Changes in Internal Control over Financial Reporting

In addition to the information concerning our DCP, we are required to disclose certain changes in internal control over financial reporting. There have been no changes in our internal control over financial reporting during the first quarter of 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Certifications

The certifications of our Chief Executive Officer and Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) are filed with this report as Exhibits 31.1 and 31.2. The certifications of our Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350 are furnished with this report as Exhibits 32.1 and 32.2.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information required by this item is included in Note 12 to our Condensed Consolidated Financial Statements, and is incorporated herein by reference thereto.

Item 1A. RISK FACTORS

For a discussion regarding our risk factors, see Item 1A. of our 2016 Annual Report on Form 10-K. Those risks and uncertainties are not the only ones facing us and there may be additional matters of which we are unaware or that we currently consider immaterial. All of those risks and uncertainties could adversely affect our business, financial condition and/or results of operations.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Common Units. Pursuant to the Omnibus Agreement entered into as part of the Simplification Transactions, PAGP has agreed to use the net proceeds from any public or private offering and sale of Class A shares, after deducting the sales agents' commissions and offering expenses, to purchase from AAP a number of AAP units equal to the number of Class A shares sold in such offering at a price equal to the net proceeds from such offering. The Omnibus Agreement also provides that immediately following such purchase and sale, AAP will use the net proceeds it receives from such sale of AAP units to purchase from us an equivalent number of our common units. During the three months ended March 31, 2017, AAP purchased 50,086,326 common units from us for net proceeds to us of approximately $1.5 billion received from the sale of AAP units to PAGP in connection with PAGP's issuance of (i) 48,300,000 Class A shares pursuant to an underwritten equity offering and (ii) 1,786,326 Class A shares under its continuous equity offering program.

The Omnibus Agreement also provides for the mechanics by which (i) the total number of PAGP's outstanding Class A shares will equal the number of AAP units held by PAGP, and (ii) the total number of our common units held by AAP will equal the sum of the number of outstanding AAP units and the number of AAP units that are issuable to the holders of vested and earned AAP Management Units. As such, we are obligated to issue common units to AAP in connection with PAGP's issuance of Class A shares upon PAGP LTIP award vestings. During the three months ended March 31, 2017, we issued 7,810 common units to AAP in connection with PAGP LTIP award vestings.

The issuance of all such common units to AAP was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. See Note 9 to our Condensed Consolidated Financial Statements for additional information regarding the issuance of common units to AAP.

Series A Preferred Units. With respect to any quarter ending on or prior to December 31, 2017, we may elect to pay distributions on our Series A preferred units in additional preferred units, in cash or a combination of both. Subsequent to September 30, 2016, we issued 2,550,295 additional Series A preferred units in lieu of cash distributions (including the issuance of 1,287,773 additional Series A preferred units during the three months ended March 31, 2017 in lieu of a cash distribution of $34 million). The issuance of the Series A preferred units, in connection with the quarterly distribution for the Series A preferred units, was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. Our Series A preferred units are convertible into common units, generally on a one-for-one basis and subject to customary antidiultion adjustments and certain minimum conversion amounts, at any time after January 28, 2018. See Note 11 to our Consolidated Financial Statements included in Part IV of our 2016 Annual Report on Form 10-K for additional information regarding our Series A preferred units.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report, and such Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PAA GP LLC,
its general partner

By: Plains AAP, L.P.,
its sole member

By: PLAINS ALL AMERICAN GP LLC,
its general partner

By: /s/ Greg L. Armstrong

Greg L. Armstrong,
Chief Executive Officer of Plains All American GP LLC
(Principal Executive Officer)

May 9, 2017

By: /s/ Al Swanson

Al Swanson,
Executive Vice President and Chief Financial Officer of Plains All American GP LLC
(Principal Financial Officer)

May 9, 2017

By: /s/ Chris Herbold

Chris Herbold,
Vice President —Accounting and Chief Accounting Officer of Plains All American GP LLC
(Principal Accounting Officer)

May 9, 2017

EXHIBIT INDEX

2.1 *†	—	Securities Purchase Agreement dated as of January 19, 2017 by and between COG Operating LLC, as seller, and Plains Pipeline, L.P., as purchaser (the schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K).
2.2 *†	—	Securities Purchase Agreement dated as of January 19, 2017 by and between Frontier Midstream Solutions, LLC, as seller, and Plains Pipeline, L.P., as purchaser (the schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K).
3.1	—	Sixth Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P. dated as of November 15, 2016 (incorporated by reference to Exhibit 3.5 to our Current Report on Form 8-K filed November 21, 2016).
3.2	—	Third Amended and Restated Agreement of Limited Partnership of Plains Marketing, L.P. dated as of April 1, 2004 (incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
3.3	—	Amendment No. 1 dated December 31, 2010 to the Third Amended and Restated Agreement of Limited Partnership of Plains Marketing, L.P. (incorporated by reference to Exhibit 3.9 to our Annual Report on Form 10-K for the year ended December 31, 2010).
3.4	—	Amendment No. 2 dated January 1, 2011 to the Third Amended and Restated Agreement of Limited Partnership of Plains Marketing, L.P. (incorporated by reference to Exhibit 3.10 to our Annual Report on Form 10-K for the year ended December 31, 2010).
3.5	—	Amendment No. 3 dated June 30, 2011 to the Third Amended and Restated Agreement of Limited Partnership of Plains Marketing, L.P. (incorporated by reference to Exhibit 3.7 to our Annual Report on Form 10-K for the year ended December 31, 2013).
3.6	—	Amendment No. 4 dated January 1, 2013 to the Third Amended and Restated Agreement of Limited Partnership of Plains Marketing, L.P (incorporated by reference to Exhibit 3.8 to our Annual Report on Form 10-K for the year ended December 31, 2013).
3.7	—	Third Amended and Restated Agreement of Limited Partnership of Plains Pipeline, L.P. dated as of April 1, 2004 (incorporated by reference to Exhibit 3.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
3.8	—	Amendment No. 1 dated January 1, 2013 to the Third Amended and Restated Agreement of Limited Partnership of Plains Pipeline, L.P. (incorporated by reference to Exhibit 3.10 to our Annual Report on Form 10-K for the year ended December 31, 2013).
3.9	—	Seventh Amended and Restated Limited Liability Company Agreement of Plains All American GP LLC dated November 15, 2016 (incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K filed November 21, 2016).
3.10	—	Eighth Amended and Restated Limited Partnership Agreement of Plains AAP, L.P. dated November 15, 2016 (incorporated by reference to Exhibit 3.4 to our Current Report on Form 8-K filed November 21, 2016).
3.11	—	Certificate of Incorporation of PAA Finance Corp. (f/k/a Pacific Energy Finance Corporation, successor-by-merger to PAA Finance Corp.) (incorporated by reference to Exhibit 3.10 to our Annual Report on Form 10-K for the year ended December 31, 2006).
3.12	—	Bylaws of PAA Finance Corp. (f/k/a Pacific Energy Finance Corporation, successor-by-merger to PAA Finance Corp.) (incorporated by reference to Exhibit 3.11 to our Annual Report on Form 10-K for the year ended December 31, 2006).
3.13	—	Limited Liability Company Agreement of PAA GP LLC dated December 28, 2007 (incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K filed January 4, 2008).
3.14	—	Certificate of Limited Partnership of Plains GP Holdings, L.P. (incorporated by reference to Exhibit 3.1 to PAGP's Registration Statement on Form S-1 (333-190227) filed July 29, 2013).
3.15	—	Second Amended and Restated Agreement of Limited Partnership of Plains GP Holdings, L.P. dated November 15, 2016 (incorporated by reference to Exhibit 3.2 to PAGP's Current Report on Form 8-K filed November 21, 2016).
3.16	—	Certificate of Formation of PAA GP Holdings LLC (incorporated by reference to Exhibit 3.3 to PAGP's Registration Statement on Form S-1 (333-190227) filed July 29, 2013).

3.17	—	Third Amended and Restated Limited Liability Company Agreement of PAA GP Holdings LLC dated as of February 16, 2017 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed February 21, 2017).
4.1	—	Indenture dated September 25, 2002 among Plains All American Pipeline, L.P., PAA Finance Corp. and Wachovia Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).
4.2	—	Sixth Supplemental Indenture (Series A and Series B 6.70% Senior Notes due 2036) dated May 12, 2006 among Plains All American Pipeline, L.P., PAA Finance Corp., the Subsidiary Guarantors named therein and Wachovia Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed May 12, 2006).
4.3	—	Tenth Supplemental Indenture (Series A and Series B 6.650% Senior Notes due 2037) dated October 30, 2006 among Plains All American Pipeline, L.P., PAA Finance Corp., the Subsidiary Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed October 30, 2006).
4.4	—	Thirteenth Supplemental Indenture (Series A and Series B 6.50% Senior Notes due 2018) dated April 23, 2008 among Plains All American Pipeline, L.P., PAA Finance Corp., the Subsidiary Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 23, 2008).
4.5	—	Fifteenth Supplemental Indenture (8.75% Senior Notes due 2019) dated April 20, 2009 among Plains All American Pipeline, L.P., PAA Finance Corp., the Subsidiary Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 20, 2009).
4.6	—	Seventeenth Supplemental Indenture (5.75% Senior Notes due 2020) dated September 4, 2009 among Plains All American Pipeline, L.P., PAA Finance Corp., the Subsidiary Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 4, 2009).
4.7	—	Nineteenth Supplemental Indenture (5.00% Senior Notes due 2021) dated January 14, 2011 among Plains All American Pipeline, L.P., PAA Finance Corp., the Subsidiary Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed January 11, 2011).
4.8	—	Twentieth Supplemental Indenture (3.65% Senior Notes due 2022) dated March 22, 2012 among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed March 26, 2012).
4.9	—	Twenty-First Supplemental Indenture (5.15% Senior Notes due 2042) dated March 22, 2012 among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed March 26, 2012).
4.10	—	Twenty-Second Supplemental Indenture (2.85% Senior Notes due 2023) dated December 10, 2012, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed December 12, 2012).
4.11	—	Twenty-Third Supplemental Indenture (4.30% Senior Notes due 2043) dated December 10, 2012, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed December 12, 2012).
4.12	—	Twenty-Fourth Supplemental Indenture (3.85% Senior Notes due 2023) dated August 15, 2013, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed August 15, 2013).
4.13	—	Twenty-Fifth Supplemental Indenture (4.70% Senior Notes due 2044) dated April 23, 2014, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 29, 2014).
4.14	—	Twenty-Sixth Supplemental Indenture (3.60% Senior Notes due 2024) dated September 9, 2014, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 11, 2014).

4.15	—	Twenty-Seventh Supplemental Indenture (2.60% Senior Notes due 2019) dated December 9, 2014, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed December 11, 2014).
4.16	—	Twenty-Eighth Supplemental Indenture (4.90% Senior Notes due 2045) dated December 9, 2014, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed December 11, 2014).
4.17	—	Twenty-Ninth Supplemental Indenture (4.65% Senior Notes due 2025) dated August 24, 2015, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed August 26, 2015).
4.18	—	Thirtieth Supplemental Indenture (4.50% Senior Notes due 2026) dated November 22, 2016, by and among Plains All American Pipeline, L.P., PAA Finance Corp. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 29, 2016).
4.19	—	Registration Rights Agreement dated September 3, 2009 by and between Plains All American Pipeline, L.P. and Vulcan Gas Storage LLC (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-3, File No. 333-162477).
4.20	—	Registration Rights Agreement dated as of January 28, 2016 among Plains All American Pipeline, L.P. and the Purchasers named therein (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed February 2, 2016).
4.21	—	Registration Rights Agreement by and among Plains All American Pipeline, L.P. and the Holders defined therein, dated November 15, 2016 (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed November 21, 2016).
10.1 **†	—	Form of Director LTIP Grant Letter (February 2017) - Director Grant - Designated Directors and Audit Committee Members (PAA Plan)
10.2 **†	—	Form of Director LTIP Grant Letter (February 2017) - Audit Committee Supplement (PAA Plan)
10.3 **†	—	Form of Director LTIP Grant Letter (February 2017) - Independent Director Grant (PAA Plan)
12.1 †	—	Computation of Ratio of Earnings to Fixed Charges.
31.1 †	—	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a).
31.2 †	—	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a).
32.1 ††	—	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350.
32.2 ††	—	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350.
101.INS†	—	XBRL Instance Document
101.SCH†	—	XBRL Taxonomy Extension Schema Document
101.CAL†	—	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	—	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	—	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	—	XBRL Taxonomy Extension Presentation Linkbase Document

† Filed herewith.

†† Furnished herewith.

* Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the SEC upon request.

** Management compensatory plan or arrangement.

Exhibit 2.1

Execution Version

SECURITIES PURCHASE AGREEMENT

by and between

COG OPERATING LLC,

as Seller,

and

PLAINS PIPELINE, L.P.,

as Purchaser,

Dated effective as of January 19, 2017

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EXHIBITS:

SCHEDULES:

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "***Agreement***"), is dated effective as of January 19, 2017 (the "***Execution Date***"), by and between COG Operating LLC, a Delaware limited liability company ("***Seller***"), and Plains Pipeline, L.P., a Texas limited partnership ("***Purchaser***"). Seller and Purchaser are sometimes referred to individually as a "***Party***" and collectively as the "***Parties***".

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, one hundred percent (100%) of the issued and outstanding Class A Units of Alpha Holding Company, LLC, a Delaware limited liability company (the "***Company***").

WHEREAS, Purchaser desires to purchase one hundred percent (100%) of the issued and outstanding Class B Units (the "***Class B Securities***") of the Company (i) from Frontier (if the Call Option Exercise does not occur) immediately after the Closing pursuant to the Class B Purchase Agreement or (ii) from Seller (if the Call Option Exercise occurs).

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions, and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 **Certain Definitions**. As used herein:

"***AAA***" means the American Arbitration Association.

"***Accounting Principles***" means United States generally accepted accounting principles using the accrual method of accounting, as consistently applied.

"***Accounting Referee***" is defined in Section 2.5(b).

"***Acquisition Proposal***" is defined in Section 7.4(b).

"***Adjusted Purchase Price***" is defined in Section 2.2.

"***Affiliate***" means, with respect to any Person, a Person that directly or indirectly controls, is controlled by or is under common control with such Person, with control in such context meaning the ability to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise; *provided*, *however*, (a) until the Closing, unless the context requires otherwise, the Company and its Subsidiaries shall be deemed to be Affiliates of Seller for all periods prior to Closing and (b) after the Closing, the Company and its Subsidiaries shall be deemed to be Affiliates of Purchaser.

"***Agreement***" is defined in the introductory paragraph hereof.

"***Antitrust Laws***" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, any state antitrust or unfair competition Laws and all other national, federal, state, foreign or multinational Laws, including any antitrust, competition or trade regulation Laws, that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization, attempted monopolization, restraint of trade, lessening of competition or abusing or maintaining a dominant position. Antitrust Law also includes any Law that requires one or more parties to a transaction to submit a notification to a Governmental Authority with the authority to review certain transactions to determine if such transactions violate any Antitrust Law.

"***Assets***" means all of the Company's and its Subsidiaries collective right, title, and interest in and to the following:

(a) the Gathering System;

(b) all surface fee interests, easements, permits, licenses, servitudes, rights of way, surface leases, and other rights to use the surface, in each case to the extent appurtenant to, and used or held primarily for use in connection with, the ownership or operation of the Gathering System (the "***Rights of Way***");

(c) other than the Rights of Way, all other real property owned in fee or leased, including office leases, buildings, offices, improvements, appurtenances, field offices and yards (the "***Realty Interests***"); and

(d) all other assets and properties of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible and wherever situated), including the goodwill related thereto, Securities and Cash and Cash Equivalents.

"***Assignment***" is defined in Section 9.2(b).

"***Balance Sheet***" is defined in Section 4.4.

"***Balance Sheet Date***" is defined in Section 4.4.

"***Break-Up Fee***" is defined in Section 11.2(d).

"***Business***" means the ownership and operation by the Company and its Subsidiaries of the Gathering System and other activities conducted by the Company and its Subsidiaries that are incidental thereto, including the marketing activities of Alpha Marketing LLC, a Delaware limited liability company.

"***Business Day***" means any day other than a Saturday, a Sunday or a day on which banks are closed for business in Houston, Texas or New York, New York.

"***Call Option Exercise***" is defined in Section 7.14.

"***Cash and Cash Equivalents***" means (a) money, currency or a credit balance in a deposit account at a financial institution, net of checks outstanding as of the time of determination, (b) marketable direct obligations issued or unconditionally guaranteed by the United States

Government or issued by any agency thereof and backed by the full faith and credit of the United States, (c) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, (d) commercial paper issued by any bank or any bank holding company owning any bank, and (e) certificates of deposit or bankers' acceptances issued by any commercial bank organized under the applicable Laws of the United States of America.

"***Casualty Loss***" is defined in Section 7.3.

"***CERCLA***" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*

"***Claim Notice***" is defined in Section 12.5(b).

"***Class A Units***" is defined in the LLC Agreement.

"***Class B Purchase Agreement***" means that certain Purchase and Sale Agreement dated as of the Execution Date between Frontier and Purchaser.

"***Class B Purchase Price***" means Three Hundred Sixty Five Million, Eight Hundred Twenty One Thousand, Four Hundred Thirty Eight dollars ($365,821,438.00); *provided*, *however*, in the event that the Call Option Exercise has occurred, the Class B Purchase Price shall be deemed to be equal to zero dollars ($0.00).

"***Class B Securities***" is defined in the recitals.

"***Closing***" is defined in Section 9.1.

"***Closing Date***" is defined in Section 9.1.

"***Closing Payment***" means the amount of cash consideration payable by Purchaser to Seller at the Closing, which shall be an amount equal to (a) the estimate of the Adjusted Purchase Price determined in accordance with Section 2.5(a) *minus* (b) the Deposit.

"***Code***" means the United States Internal Revenue Code of 1986, as amended.

"***Company***" is defined in the recitals.

"***Company Group***" means Company, each Affiliate of Company and each of such Person's respective officers, directors, employees and agents.

"***Company Indemnitees***" is defined in Section 7.12(a).

"***Company Rights of Way***" is defined in Section 4.18(c).

"***Company Securities***" means the Subject Securities and the Class B Securities.

"***Company-Specific Representations***" means the representations and warranties set forth in Article 4.

"***Confidentiality Agreement***" means that certain Confidentiality Agreement dated as of October 14, 2016 by and between Seller, the applicable member of the Company Group and Purchaser, as amended from time to time.

"***Consent***" means any consent, approval, authorizations, or permit of, or filing with, or notification to, any Governmental Authorities or any other Person which are required to be obtained, made or complied with for or in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

"***Contracts***" means all contracts, agreements and instruments that are binding on the Company, its Subsidiaries, the Gathering System or the Business; *provided*, *however*, without limiting the instruments included in the Assets, the defined term "Contracts" shall not include the Rights of Way, Realty Interests or any other instruments constituting any of the Company Group's chain of title to the Rights of Way or Realty Interests.

"***Credit Facility***" means that certain Credit Agreement, dated June 10, 2016, among Alpha Crude Connector, LLC, a Delaware limited liability company, as borrower, Wells Fargo Bank, N.A., a National Association, as administrative agent and collateral agent, and the lenders from time to time party thereto, as amended from time to time.

"***Credit Facility Indebtedness***" means the Indebtedness of the Company and its Subsidiaries incurred and outstanding pursuant to the Credit Facility.

"***Cut-Off Date***" means the date of the final settlement and determination of the Adjusted Purchase Price in accordance with Section 2.5(b).

"***Damages***" means, subject to the terms hereof, including Section 13.11, the amount of any loss, cost, costs of settlement (*provided*, to the extent the Indemnified Person has not complied in any material respect with the terms of Section 12.5, such losses shall be reduced to the extent attributable to such non-compliance), damage, interest, deficiencies, liabilities, fines, expense, claim, award, judgment, or penalty of any kind incurred or suffered by any Indemnified Person arising out of or resulting from the indemnified matter, whether attributable to personal injury or death, property damage, contract claims, torts or otherwise, including reasonable fees and expenses of attorneys, consultants, accountants or other agents and experts reasonably incident to matters indemnified against, and the costs of investigation or monitoring of such matters, and the costs of enforcement of the indemnity and in pursuing insurance providers or recovery of any applicable insurance.

"***Dedication Agreement***" means the Crude Petroleum Dedication and Transportation Agreement dated as of May 9, 2014, among Alpha Crude Connector, LLC, Seller and the Affiliates of Seller named therein, as amended.

"***Dedication Agreement Amendment***" means an amendment to the Dedication Agreement by and between the parties thereto, in the form attached hereto as Exhibit D.

"***Deposit***" is defined in Section 2.3(a).

"***Derivative Transaction***" means any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating

to one or more currencies, commodities, bonds, equity securities, loans, interest rates, catastrophe events, weather-related events, credit-related events or conditions or any indexes, or any other similar transaction (including any option with respect to any of these transactions) or combination of any of these transactions.

"***Direct Claim***" is defined in Section 12.5(h).

"***Disclosure Schedules***" means the aggregate of all schedules that set forth exceptions, disclosures, or otherwise relate to or are referenced in any of the representations or warranties of Seller set forth in Article 3 or Article 4.

"***Dispute***" is defined in Section 13.3(a).

"***DTPA***" is defined in Section 13.12.

"***Due Diligence Information***" is defined in Section 5.10(b).

"***Effective Time***" means 12:01 a.m. Central Standard Time on January 1, 2017.

"***Effective Time Working Capital***" means the positive or negative amount of the remainder of (a) the Working Capital Assets minus (b) the Working Capital Liabilities.

"***Environmental Laws***" means all Laws addressing (i) pollution or pollution control, (ii) protection of natural resources, the environment or biological resources or (iii) the disposal or Release or threat of Release of Hazardous Substances, including the following: CERCLA; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*; the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 *et seq.*; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001 *et seq.*; and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j, in each case as amended in effect as of the Execution Date, and all similar Laws in effect as of the Execution Date of any Governmental Authority having jurisdiction over the property in question.

"***Environmental Liabilities***" means any and all Damages, remediation obligations, liabilities, environmental response costs, costs to cure, cost to investigate or monitor, restoration costs, costs of remediation or removal, settlements, penalties and fines arising out of or related to any violations or non-compliance with any Environmental Laws, including any contribution obligation under CERCLA or any other Environmental Law or matters incurred or imposed pursuant to any claim or cause of action by a Governmental Authority or other Person, attributable to any failure to comply with Environmental Laws, any Release of Hazardous Substances or any other environmental condition with respect to the ownership or operation of Assets.

"***Environmental Permits***" is defined in Section 4.15(b).

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder and published interpretations thereof.

"***ERISA Affiliate***" means any entity (whether or not incorporated) that, together with Seller, is required to be treated as a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"***Excluded Records***" means any and all:

(a) corporate, financial, Tax and legal data and records of Seller and its Affiliates (other than the Company and its Subsidiaries) that relate primarily to (i) Seller's and its Affiliates (other than the Company and its Subsidiaries) business generally (even if such data or records include information regarding the Subject Securities, the Company, the Subsidiaries, the Gathering System or any other Asset), or (ii) to businesses of Seller and any Affiliate of Seller other than the exploration and production, gathering, sale or transportation of Hydrocarbons;

(b) records to the extent disclosure or transfer is restricted, prohibited, or subjected to payment of a fee, penalty, or other consideration by any license agreement or other agreement, or by applicable Law, and for which no consent to transfer has been received or for which Purchaser has not agreed in writing to pay such fee, penalty, or other consideration, as applicable;

(c) legal records and legal files of Seller and its Affiliates (other than the Company and its Subsidiaries), including all work product of and attorney-client communications with Seller's or its Affiliates' (other than the Company and its Subsidiaries) legal counsel or any other documents or instruments, in each case to the extent such are protected by an attorney-client privilege;

(d) data, correspondence, materials, documents, descriptions and records to the extent relating to the auction, marketing, sales negotiation, or sale of any of the Company Securities, the Company, the Subsidiaries, the Gathering System or any other Assets, including the existence or identities of any prospective inquirers, bidders, or prospective purchasers of the Gathering System or any of the other Assets, any bids received from and records of negotiations with any such prospective purchasers and any analyses of such bids by any Person; or

(e) any reserve reports, valuations and estimates of any quantities of Hydrocarbons that may be producible from the area served by, or capable of being served by, the Gathering System or any of the other Assets and any pricing assumptions, forward pricing estimates, price decks, or pricing studies related thereto, in each case whether prepared by Seller, its Affiliates, or any Third Parties.

"***Execution Date***" is defined in the introductory paragraph hereof.

"***Fee Properties***" is defined in Section 4.18(a).

"***Financial Statements***" is defined in Section 4.4.

"***Fraud***" means any actual and intentional fraud with respect to the making of the representations and warranties of a Party under this Agreement or the other Transaction Documents to the extent (a) with respect to Seller, any of the individuals identified in the definition of "Knowledge" for such Party had Knowledge or (b) with respect to Purchaser, if Purchaser had actual knowledge (as opposed to imputed or constructive knowledge) without any duty or obligation of investigation or inquiry, in each case, that the representations and warranties made by such Party

hereunder or thereunder were actually breached, inaccurate or incorrect when made, with the express intention that the other Party rely thereon to such Party's detriment.

"***Frontier***" means Frontier Midstream Solutions, LLC, a Delaware limited liability company.

"***Fundamental Representations***" means (a) with respect to Seller, the representations and warranties of Seller set forth in Section 3.1 through Section 3.4, Section 3.7, Section 4.1 through Section 4.3 and Section 4.9 (including the corresponding representations and warranties given in the Seller Certificate) and (b) with respect to Purchaser, the representations and warranties of Purchaser set forth in Section 5.1 through Section 5.5, Section 5.9 and Section 5.10 (including the corresponding representations and warranties given in the Purchaser Certificate).

"***Gathering System***" means the crude oil gathering system described in Exhibit A.

"***Governing Documents***" means with respect to any Person that is not a natural person, the articles of incorporation or organization, memorandum of association, articles of association and by-laws, the limited partnership agreement, the partnership agreement or the limited liability company agreement or such other organizational documents of such Person which establish the legal personality of such Person. With respect to the Company, "Governing Documents" shall include the LLC Agreement.

"***Governmental Authority***" means any court, tribunal, agency, commission, official, or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city, tribal, quasi-governmental entity, or other political subdivision or authority exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory, or taxing authority or power.

"***Hazardous Substances***" means any pollutant, contaminant, dangerous or toxic substance, hazardous or extremely hazardous substance or chemical, or otherwise hazardous material or waste defined as "solid waste", "hazardous waste", "hazardous substance", "extremely hazardous substance", "hazardous material" or "toxic substance" under applicable Environmental Laws, including chemicals, pollutants, contaminants, wastes, toxic substances, which are classified as hazardous, toxic, radioactive, or otherwise are regulated by, or form the basis for Damage or liability under, any applicable Environmental Law including hazardous substances under CERCLA; provided, however, NORM shall not constitute a "Hazardous Substance".

"***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and regulations promulgated thereunder.

"***HSR Clearance***" means, with respect to the sale by Seller of the Subject Securities to Purchaser as contemplated by this Agreement, the expiration or termination of the waiting period under the HSR Act, or the granting of early termination of the waiting period under the HSR Act.

"***HSR Clearance Date***" means the date that HSR Clearance occurs.

"***Hydrocarbons***" means oil and gas and other hydrocarbons produced or processed in association therewith (whether or not such item is in liquid or gaseous form), or any combination thereof, and any minerals (whether in liquid or gaseous form) produced in association therewith, including all crude oil, gas, casinghead gas, condensate, natural gas liquids and other gaseous or liquid hydrocarbons (including ethane, propane, iso-butane, nor-butane, gasoline and scrubber liquids) of any type and chemical composition.

"***Indebtedness***" means, with respect to any Person, at any date, without duplication, (a) all obligations of such Person for borrowed money, including all principal, interest, premiums, fees, expenses, overdrafts and, to the extent required to be carried on a balance sheet prepared in accordance with Accounting Principles penalties with respect thereto, whether short-term or long-term, and whether secured or unsecured, or with respect to deposits or advances of any kind (other than deposits and advances of any Person relating to the purchase of products or services from the Company or its Subsidiaries in the ordinary course of business), (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or debt Securities, (c) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or bankers' acceptances or similar instruments, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, whether contingently or otherwise, as obligor, guarantor or otherwise, (e) any obligations of the Company under-capitalized or synthetic leases with respect to which it is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations it assures a creditor against loss, (f) with respect to the Company, any fees, penalties, premiums or accrued and unpaid interest, with respect to the foregoing that occur on or prior to the Closing Date (in the case of prepayments or otherwise), (g) all guarantees, whether direct or indirect, by such Person of indebtedness of others or indebtedness of any other Person secured by any assets of such Person, (h) all other obligations of a Person which would be required to be shown as indebtedness on a balance sheet of such Person prepared in accordance with the Accounting Principles, and (i) any obligations that have the effect of the foregoing.

"***Indemnified Person***" is defined in Section 12.5(a).

"***Indemnifying Party***" is defined in Section 12.5(a).

"***Indemnity Deductible***" means an amount equal to one and one-half percent (1.5%) of the remainder of (a) Unadjusted Purchase Price, *minus* (b) the Class B Purchase Price.

"***Individual Threshold***" means, (a) with respect to the obligations of Seller set forth in Section 12.2(a) an amount equal to One Hundred Fifty Thousand Dollars ($150,000.00), and (b) with respect to the obligations of Seller set forth in Section 12.2(b), an amount equal to the Seller Share of One Hundred Fifty Thousand Dollars ($150,000.00).

"***Intellectual Property Rights***" means material rights in any of the following to the extent subject to protection under applicable Law: (a) trademarks, service marks and trade names; (b) patents; (c) copyrights; (d) internet domain names; (e) trade secrets and other proprietary and confidential information; and (f) any registrations or applications for registration for any of the foregoing.

"***Inventory***" means the Hydrocarbon line fill inventory in the pipelines and storage tanks owned by the Company.

"***Knowledge***" means, with respect to Seller, the actual knowledge, without any duty or obligation of investigation or inquiry, of only those Persons named on Schedule 1.2; *provided, however*, with respect to the representations and warranties set forth in Section 4.1, Section 4.7, Section 4.8 and Section 4.13(b), "Knowledge" with respect to Seller shall also include the actual knowledge, without any duty or obligation of investigation or inquiry, of those Persons named on Schedule 1.2 to the Class B Purchase Agreement.

"***Laws***" means all laws, statutes, rules, regulations, ordinances, orders, decrees, requirements, judgments and codes of Governmental Authorities.

"***Leased Properties***" is defined in Section 4.18(b).

"***Lien***" means any lien (statutory or other and including any federal or state tax lien), mortgage, pledge, collateral assignment, easement, encroachment, right of way, encumbrance, judgment or other similar verdict or order, covenant, equitable interest or security interest of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement) and any option, trust, or other preferential arrangement having the practical effect of any of the foregoing.

"***Limited Guarantee***" means a guarantee by and between the Parties, in the form attached hereto as Exhibit F.

"***LLC Agreement***" means that certain Limited Liability Company Agreement of the Company, adopted as of June 9, 2016, by and between Seller and Frontier, as amended from time to time.

"***Low-Flow Site***" means any portion of the Gathering System located between a Receipt Point (as such term is defined in the Dedication Agreement) and the location of the first pig launcher downstream of such Receipt Point (as such term is defined in the Dedication Agreement).

"***Management Agreement***" means that certain Management Agreement dated as of May 9, 2014, by and among Alpha Crude Connector, LLC, Alpha Marketing, LLC, Frontier Energy Partners, LLC, and Seller (as such agreement may be amended, supplemented, restated or modified from time to time).

"***Management Agreement Termination***" means a termination and partial and release and waiver in the form attached hereto as Exhibit E.

"***Material Adverse Effect***" means any event, change, or circumstance that (a) has or could reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ownership, operation, Assets, business, prospects or condition (financial or otherwise) of the Business or the Gathering System as currently operated as of the Execution Date or (b) prevents or materially delays the performance of Seller's obligations and covenants hereunder that are to be performed at Closing; *provided*, *however*, that "Material Adverse Effect" shall not include material adverse effects resulting from (i) general changes in Hydrocarbon prices; (ii) changes in condition or developments generally applicable to the oil and gas industry in the United States or any area or areas where the Assets are located, including any increase in operating costs or capital expenses or any reduction in drilling activity or production; (iii) general economic, financial, credit, or political conditions and general changes in markets, including changes generally in supply, demand, price levels or interest or exchange rates; (iv) orders, acts or failures to act of Governmental Authorities; (v) acts of God, including hurricanes, tornados, meteorological events and storms; (vi) general labor unrest, strikes, civil unrest or similar disorder, terrorist acts, embargo, sanctions or interruption of trade, or any outbreak, escalation or worsening of hostilities or war; (vii) any reclassification or recalculation of reserves in the ordinary course of business; (viii) changes in Laws or the Accounting Principles or the interpretation thereof; (ix) any effect resulting from any action taken by Purchaser or any Affiliate of Purchaser, other than those expressly permitted in accordance with the terms of this Agreement; (x) action taken by Seller or any Affiliate of Seller with Purchaser's written consent or that are otherwise expressly permitted or not expressly prescribed hereunder; (xi) any Casualty Loss; (xii) effects or changes that are cured or no longer exist by the earlier of the Closing and the termination of this Agreement pursuant to Article 11; (xiii) any change in the financial condition or results of operation of Purchaser or its Affiliates; (xiv) entering into this Agreement or the announcement of the transactions contemplated hereby or the performance of the covenants set forth in Article 7; or (xv) any matters, facts, or disclosures set forth in the Disclosure Schedules; *provided further*, *however*, that any event, occurrence, fact, condition or change referred to in clauses (i) through (viii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Business or Gathering System compared to other participants in the oil and gas gathering industry, generally.

"***Material Contract***" means, to the extent binding on the Gathering System or Purchaser's ownership thereof after Closing, any Contract that is (a) one or more of the following types and (b) with respect to the Contracts set forth in clauses (ii), (v), (vi) and (vii), that can reasonably be expected to result in gross revenue or gross expenditures per fiscal year in excess of One Million Dollars ($1,000,000.00):

(i) Contracts with any Affiliate, officer or director of Seller, or with any officer or director of the Company or any Subsidiary, that will not be terminated on or prior to Closing;

(ii) to the extent currently pending, Contracts of Seller for the acquisition or disposition of any business (whether by merger, sale of stock or units, sale of Assets, or otherwise) or granting to any Person a right of first refusal, first offer or right to purchase any of the Assets material to the conduct of the Business or any direct or indirect ownership interest therein;

(iii) each Contract that constitutes a pipeline interconnect or facility operating agreement;

(iv) any joint development agreement, participation agreement, partnership agreement, joint venture agreement or similar agreement;

(v) each Contract or series of related Contracts involving a remaining commitment to pay capital expenditures;

(vi) each Contract for lease of personal property or real property;

(vii) each Hydrocarbon purchase and sale, gathering, transportation, treating, dehydration or similar Contract and any Contract for the provision of services relating to the purchase or sale, gathering, pumping, collection treating or transportation of crude oil or other Hydrocarbons that is not cancellable without penalty on one hundred twenty (120) days or less prior written notice;

(viii) each Contract that provides for a limit on the ability of the Company or any of its Subsidiaries to compete in any line of business or in any geographic area during any period of time;

(ix) each Contract evidencing Indebtedness, whether secured or unsecured, including all loan agreements, line of credit agreements, indentures, mortgages, promissory notes, agreements concerning long and short-term debt, together with all security agreements or other Lien documents related to or binding on the Assets after the Closing;

(x) each Contract that requires the Company or its Subsidiaries to purchase its total requirements of any product or service from a Third Party or that contain "take or pay" or similar provisions;

(xi) other than any ordinary course permits, licenses or other authorizations from any Governmental Authority (including Environmental Permits), each Contract with any Governmental Authority to which the Company or its Subsidiaries is a party;

(xii) each Contract for any Derivative Transaction; and

(xiii) each Contract containing an acreage dedication or other similar provision.

"***Non-Fundamental Representations***" means (a) with respect to Seller, all representations and warranties of Seller set forth herein and in the other Transaction Documents (including the corresponding representations and warranties given in the Seller Certificate), excepting and excluding any and all Fundamental Representations of Seller and (b) with respect to Purchaser, all representations and warranties of Purchaser set forth herein and in the other Transaction Documents (including the corresponding representations and warranties given in the Purchaser Certificate), excepting and excluding any and all Fundamental Representations of Purchaser.

"***NORM***" means naturally occurring radioactive material, radon gas and asbestos.

"***Notice***" is defined in Section 13.1.

"***Participation Rights***" means the terms and conditions set forth on Schedule 7.17.

"***Party***" or "***Parties***" is defined in the introductory paragraph hereof.

"***Permitted Encumbrances***" means any or all of the following:

(a) any Liens, deeds of trust, mortgages and similar instruments securing any Indebtedness of the Company or any of its Subsidiaries, subject to such Liens being released in accordance with Section 9.2(f);

(b) the terms of any Contract described on Schedule 4.13(a), Rights of Way or Realty Interest;

(c) all (i) rights of first refusal, preferential purchase rights and similar rights with respect to the Assets, (ii) Consents, or (iii) other consent requirements and similar restrictions that, in each case, are not applicable to the sale of the Subject Securities contemplated by this Agreement or the sale of the Class B Securities pursuant to the Class B Purchase Agreement;

(d) Liens created under Rights of Way, Realty Interests or Contracts, Liens for Taxes, materialman's Liens, warehouseman's Liens, workman's Liens, carrier's Liens, mechanic's Liens, vendor's Liens, repairman's Liens, employee's Liens, contractor's Liens, operator's Liens, construction Liens and other similar Liens arising in the ordinary course of business, in all cases only to the extent such Liens secure amounts or obligations not yet delinquent (including any amounts being withheld as provided by Law) or, if delinquent, are being contested in good faith by appropriate actions and for which adequate reserves are taken into account in the determination of Effective Time Working Capital in accordance with Accounting Principles;

(e) rights of reassignment arising upon the expiration or final intention to abandon or release any of the Assets excepting circumstances where those rights have already been triggered;

(f) any easement, right of way, covenant, servitude, permit, surface lease, condition, restriction and other rights included in or burdening the Assets for the purpose of surface or subsurface operations, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs and other like purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, in each case, to the extent recorded in the applicable Governmental Authority recording office as of the Execution Date and that does not, individually or in the aggregate, materially impair the use of such property for the purposes for which it is owned and operated as of the Execution Date or the operation of the Business or materially detract from the value of the Assets subject thereto or affected thereby (as operated as of the Execution Date);

(g) all applicable Laws and rights reserved to or vested in any Governmental Authority (i) to control or regulate any of the Assets in any manner, (ii) to assess Tax with respect to the Assets, the ownership, use or operation thereof, or revenue, income, or capital gains with respect thereto, (iii) by the terms of any right, power, franchise, grant, license, or permit, or by any provision of Law, to terminate such right, power, franchise grant, license, or permit or to purchase, condemn, expropriate, or recapture or to designate a purchaser of any of the Assets, (iv) to use such property in a manner which does not, individually or in the aggregate, (A) materially impair (I) the use of such property for the purposes for which it is owned and operated as of the Execution Date, or (II) the operation of the Business, or, (B) materially detract from the value of the Assets subject thereto or affected thereby (as operated as of the Execution Date), or (v) to enforce any obligations or duties affecting the Assets to any Governmental Authority with respect to any franchise, grant, license, or permit, to the extent the current use of the Assets is in compliance with such franchises, grants, licenses or permits;

(h) rights of any common owner of any interest in Rights of Way currently held by Company or any Subsidiary and such common owner as tenants in common or through common ownership, so long as such rights do not, individually or in the aggregate, (i) materially impair (A) the use of such property for the purposes for which it is owned and operated as of the Execution Date, or, (B) the operation of the Business, or, (ii) materially detract from the value of the Assets subject thereto or affected thereby (as operated as of the Execution Date);

(i) any (i) failure of the records of any Governmental Authority to reflect Company or any Subsidiary as the owner of any Asset, to the extent not required by Law to be so reflected, *provided* that the instruments evidencing the conveyance of such title to Company or any Subsidiary from its immediate predecessor in title are recorded in the real property, conveyance, or other Records of the applicable county or (ii) delay or failure of any Governmental Authority to approve the assignment of any Right of Way to Company unless such approval has been expressly denied or rejected in writing by such Governmental Authority;

(j) any other Liens, defects, burdens or irregularities which are based solely on references to any document if a copy of such document is not in Company's or any Subsidiary's files or of record;

(k) any Liens, defects, irregularities, or other matters (i) set forth or described in the Disclosure Schedules, excluding Schedule 7.15, (ii) that are expressly waived in writing, cured or otherwise discharged in full at or prior to Closing;

(l) the express terms and conditions of the LLC Agreement and other Governing Documents of the Company or its Subsidiaries, this Agreement or any other Transaction Document;

(m) Liens created under deeds of trust, mortgages and similar instruments by the grantor (or its predecessor in interest) under a Right of Way or Realty Interest covering such grantor's (or predecessor in interest's) surface interests in the land covered thereby to the extent such grantor is not in default under such instruments and such mortgages, deeds, of trust or similar instruments (i) do not contain express language that prohibits the lessors from entering into a Right of Way or Realty Interest or otherwise invalidates a Right of Way or Realty Interest and (ii) no mortgagee or lienholder of any such deeds of trust, mortgage and similar instrument has, prior to the Closing

Date, initiated foreclosure or similar proceedings against the applicable grantor (or its predecessor in interest) under any such Right of Way or Realty Interest;

(n) any Lien, obligation, burden, or defect arising out of lack of survey or lack of metes and bounds descriptions, unless a survey, or metes and bounds legal description, is required by applicable Law;

(o) any Lien, obligation, burden, or defect in the chain of the title consisting of the failure to recite marital status in a document or omissions of succession or heirship proceedings, unless affirmative evidence shows that such failure or omission results in another party's actual and superior claim of title to the Assets;

(p) any Lien, obligation, burden, or defect arising out of lack of corporate or entity authorization, unless affirmative evidence shows that such corporate or entity action was not authorized and results in another party's actual and superior claim of title to the Assets;

(q) any Lien, obligation, burden, or defect that is cured, released, or waived by any Law of limitation or prescription, including adverse possession;

(r) any Lien, obligation, burden, or defect arising from any change in applicable Law after the Execution Date;

(s) any Lien, obligation, burden, defect, or loss of title resulting from Company's or any Subsidiary's conduct of business in compliance with this Agreement; or

(t) any Liens, defects, irregularities, or other matters which do not, individually or in the aggregate, materially detract from the operation or value of the Assets subject thereto or affected thereby (as operated as of the Execution Date).

"***Person***" means any individual, corporation, partnership, limited liability company, trust, estate, Governmental Authority, or any other entity.

"***Phase I***" is defined in Section 7.1(a).

"***Phase II***" is defined in Section 7.1(a).

"***Pre-Effective Time Period***" means any Tax period ending before the Effective Time.

"***Preliminary Settlement Statement***" is defined in Section 2.5(a).

"***Purchaser***" is defined in the introductory paragraph hereof.

"***Purchaser Certificate***" is defined in Section 9.3(d).

"***Purchaser Group***" is defined in Section 12.2.

"***Purchaser Parent***" means Plains All American Pipeline, L.P.

"***Purchaser's Representatives***" is defined in Section 7.1(a).

"***Realty Interests***" is defined in subsection (c) of the definition of "Assets".

"***Records***" means all books, records, files, data, information, drawings and maps to the extent (and only to the extent) related to the Subject Securities, the Company, the Subsidiaries, the Gathering System or any other Assets, including electronic copies of all computer records where available, contract files, Rights of Way files, title information (including abstracts, evidences of rental payments, maps, surveys and data sheets), engineering files, incident reports and environmental records (including any environmental audits or assessments conducted with respect to the Assets or the Business), but excluding, however, in each case, the Excluded Records.

"***Release***" means any discharge, emission, spilling, leaking, pumping, pouring, placing, depositing, injecting, dumping, burying, leaching, migrating, discarding, emptying, escaping, seeping, abandoning, or disposing into or through the environment of any Hazardous Substance, including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance.

"***Released Claims***" means any and all Damages incurred by Company Group after Closing at any Low-Flow Site that are attributable to, arising out of or related to internal corrosion of the portions of the Gathering System corresponding to such Low-Flow Site (including Damages for repair and remediation of such Low-Flow Site and the Right of Way or Realty Interest pertaining to such Low-Flow Site); *provided*, *however*, that this definition of "Released Claims" shall only apply to the first thirty (30) Low-Flow Sites for which Damages are incurred by Company Group after Closing.

"***Right***" means any option, warrant, convertible or exchangeable security or other right, however denominated, to subscribe for, purchase or otherwise acquire any Security of any class, with or without payment of additional consideration in cash or property, either immediately or upon the occurrence of a specified date or a specified event or the satisfaction or happening of any other condition or contingency.

"***Rights of Way***" is defined in subsection (b) of the definition of "Assets".

"***Securities***" means any equity interests or other security of any class, any option, warrant, convertible or exchangeable security (including any membership interest, equity unit, partnership interest, trust interest) or other right, however denominated, to subscribe for, purchase or otherwise acquire any equity interest or other security of any class, with or without payment of additional consideration in cash or property, either immediately or upon the occurrence of a specified date or a specified event or the satisfaction or happening of any other condition or contingency; *provided*, *however*, "Securities" expressly exclude any real property interests or interests in any Hydrocarbon leases, fee minerals, reversionary interests, non-participating royalty interests, executive rights, non-executive rights, royalties and any other similar interests in minerals, overriding royalties, reversionary interests, net profit interests, production payments and other royalty burdens and other interests payable out of production of Hydrocarbons.

"***Seller***" is defined in the introductory paragraph hereof.

"***Seller-Specific Representations***" means the representations and warranties set forth in Article 3.

"***Seller Certificate***" is defined in Section 9.2(d).

"***Seller Group***" is defined in Section 12.1.

"***Seller Share***" means an amount, (a) expressed as a percentage, equal to the quotient of (i) the difference between (A) the Unadjusted Purchase Price, *minus* (B) the Class B Purchase Price, *divided by* (ii) the Unadjusted Purchase Price, or (b) in the event the Call Option Exercise occurs, one hundred percent (100%).

"***Seller Taxes***" means any and all (a) Taxes imposed on the Company or any Subsidiary of the Company (i) for any Pre-Effective Time Period and for the portion of any Straddle Period ending before the Effective Time (determined in accordance with Section 10.3), or (ii) that were incurred from transactions occurring outside the ordinary course of business on or after the Effective Time but prior to the Closing, and (b) Taxes for which the Company or any Subsidiary of the Company becomes liable by reason of (i) being a member of an affiliated, combined, consolidated, unitary, or aggregate group (other than any such group of which only the Company and one or more of its Subsidiaries are members) at any time prior to the Closing, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar provision under any state, local or foreign Tax Law, (ii) being a successor-in-interest or transferee of any other Person as a result of an event or transaction occurring prior to Closing, (iii) the operation of any Law or otherwise, which Taxes relate to an event or transaction, other than an event or transaction undertaken by Purchaser or an Affiliate thereof (other than the Company or any of its Subsidiaries), occurring prior to the Effective Time or occurring outside the ordinary course of business on or after the Effective Time but prior to the Closing, or (iv) having an express or implied obligation to indemnify any other Person under any Tax allocation Contract, Tax sharing Contract, Tax indemnity Contract, or other similar Contract relating primarily to Taxes that was executed or in effect at any time prior to Closing; *provided* that no such Tax will constitute a Seller Tax to the extent such Tax was included as a Working Capital Liability in the final determination of Effective Time Working Capital.

"***Specified Claims***" is defined on Schedule 13.11.

"***Straddle Period***" means any Tax period beginning before and ending after the Effective Time.

"***Subject Securities***" means all of the issued and outstanding Class A Units, or, in the event of a Call Option Exercise, the Company Securities.

"***Subsidiary***" means with respect to the Company, any Affiliate of the Company that is controlled by the Company.

"***Tax Proceeding***" is defined in Section 10.4.

"***Tax Return***" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

"***Taxes***" means any taxes, assessments and other governmental charges in the nature of a tax imposed by any Governmental Authority, including income, profits, net proceeds, alternative or add on minimum, ad valorem, real property, personal property (tangible and intangible), value added, sales, use, unclaimed property or escheat liability, excise, duty, franchise, capital stock, transfer, registration license, withholding, social security (or similar), unemployment, disability, payroll, employment, social contributions, fuel, excess profits, premium windfall profit, severance, production, estimated or other taxes, assessments and charges, including any interest, penalty or addition thereto, whether disputed or not.

"***Termination Date***" is defined in Section 11.1.

"***Third Party***" means any Person other than Seller, Purchaser or any of their respective Affiliates.

"***Third Party Claim***" is defined in Section 12.5(c).

"***Title Curative Deadline***" means the date one hundred and twenty (120) days after the Closing Date.

"***Transaction Costs***" means (i) all investment banking fees, costs and expenses and legal fees, costs and expenses incurred by Seller and, prior to Closing, Company or the Subsidiaries primarily in connection with the preparation for, negotiating or consummation of the transactions contemplated by this Agreement and the other Transaction Documents, including the fees, costs and expenses of the VDR, Piper Jaffray Companies, Simmons & Company International and Vinson & Elkins LLP and (ii) any fees, costs or expenses incurred by the Company or its Subsidiaries after the Execution Date and on or before the Closing Date with respect to the title curative actions or restoration work contemplated by Section 7.15.

"***Transaction Documents***" means (a) this Agreement, (b) the Assignment, (c) the Confidentiality Agreement, (d) the Dedication Agreement Amendment, (e) the Limited Guarantee, (f) the Management Agreement Termination and (g) each other agreement, document, certificate, or other instrument that is contemplated to be executed by or between the Parties (or their Affiliates) pursuant to or in connection with any of the foregoing.

"***Transfer Taxes***" is defined in Section 10.1.

"***Unadjusted Purchase Price***" is defined in Section 2.2.

"***VDR***" means that certain virtual data room maintained by Seller at the Intralinks website (https://www.intralinks.com/).

"***Working Capital Assets***" shall mean the current assets of Company and its Subsidiaries as of the Effective Time (including all Cash and Cash Equivalents), each determined in accordance with Accounting Principles but excluding all Tax assets; *provided, however*, in no event shall any accounts receivable relating to item #3 (System Gain/Loss) on Schedule 4.5 be included as a current asset of the Company or its Subsidiaries.

"***Working Capital Liabilities***" shall mean the current liabilities of Company and its Subsidiaries as of the Effective Time, each determined in accordance with Accounting Principles but excluding any (a) abandonment or asset retirement obligations, (b) all deferred Tax liabilities and, for the avoidance of doubt, any U.S. federal income Tax liabilities and liabilities for state income Taxes imposed on a "flow-through" basis, or (c) Credit Facility Indebtedness.

Section 1.2 **Interpretation**. In this Agreement, unless a clear contrary intention appears: (a) the singular form includes the plural form and vice versa; (b) reference to any Person includes such Person's successors and assigns but only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) reference to any gender includes each other gender; (d) reference to any agreement (including this Agreement), document, or instrument means, unless specifically provided otherwise, such agreement, document, or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any Law or other legislation means, unless specifically provided otherwise, such Law as amended, modified, codified, replaced, or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Law means, unless specifically provided otherwise, that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement, or reenactment of such section or other provision; (f) reference in this Agreement to any Article, Section, Appendix, Schedule, or Exhibit means such Article or Section hereof or Appendix, Schedule or Exhibit hereto; (g) "hereunder", "hereof", "hereto", and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section, or other provision thereof; (h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (i) "or" is not exclusive; (j) relative to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; (k) the Schedules and Exhibits attached to this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein; *provided* that in the event a word or phrase defined in this Agreement is expressly given a different meaning in any Schedule or Exhibit, such different definition shall apply only to such Schedule or Exhibit defining such word or phrase independently, and the meaning given such word or phrase in this Agreement shall control for purposes of this Agreement, and such alternative meaning shall have no bearing or effect on the interpretation of this Agreement; (l) all references to "Dollars" means United States Dollars; (m) references to "days" shall mean calendar days, unless the term "***Business Days***" is used; (n) except as otherwise provided herein, all actions which any Person may take and all determinations which any Person may make pursuant to this Agreement may be taken and made at the sole and absolute discretion of such Person; and (o) accounting terms used and not expressly defined herein have the respective meanings given to them under the Accounting Principles.

ARTICLE 2
PURCHASE AND SALE

Section 2.1 **Purchase and Sale**. On the terms and conditions contained in this Agreement at the Closing, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, accept and pay for, the Subject Securities.

Section 2.2 **Purchase Price**. The purchase price for the Subject Securities shall be One Billion, Two Hundred Fifteen Million Dollars ($1,215,000,000) (the "***Unadjusted Purchase Price***"), adjusted as provided in Section 2.4 (as adjusted, the "***Adjusted Purchase Price***").

Section 2.3 **Deposit**.

(a) No later than one (1) Business Day after the Execution Date, Purchaser shall deposit with Seller an amount equal to Forty Million Dollars ($40,000,000.00) (the "***Deposit***") via wire transfer of immediately available funds to the account or accounts (including wire transfer instructions therefor) designated by Seller.

(b) In the event that Closing occurs, then on the Closing Date the entirety of the Deposit shall be applied and credited toward the payment of the Adjusted Purchase Price.

(c) If for any reason this Agreement is terminated in accordance with Section 11.1, then the Deposit shall be retained or disbursed, as provided in Section 11.2.

Section 2.4 **Adjustments to Unadjusted Purchase Price**. The Unadjusted Purchase Price shall be adjusted, without duplication, as follows, but only with respect to matters for which notice is given on or before the Cut-Off Date:

(a) increased, to the extent the Effective Time Working Capital is a positive amount, by an amount equal to the Effective Time Working Capital;

(b) decreased, to the extent the Effective Time Working Capital is a negative amount, by an amount equal to the absolute value of the Effective Time Working Capital;

(c) decreased by the amount of the Class B Purchase Price;

(d) increased, by an amount equal to the aggregate amount, if any, of all (i) capital contributions made after the Effective Time to the Company or any Subsidiaries by any Members (as defined in the LLC Agreement) and (ii) any Credit Facility Indebtedness incurred by the Company after the Effective Time in accordance with Section 7.2(b)(xi) (but excluding any fees, penalties, premiums or accrued and unpaid interest, with respect to the foregoing that accrue on or are incurred with respect to any Credit Facility Indebtedness incurred prior to the Effective Time);

(e) decreased, by an amount equal to the aggregate amount, if any, of all dividends or distributions made after the Effective Time by the Company to any Members (as defined in the LLC Agreement);

(f) decreased by Transaction Costs paid by the Company or for which the Company is ultimately responsible;

(g) increased, by an amount equal to the aggregate amount, if any, of all payments or reimbursements paid by any Person to any members of the Company Group with respect to any accounts receivable relating to item #3 (System Gain/Loss) on Schedule 4.5;

(h) decreased by an amount equal to the actual costs and expenses incurred by the Company and its Subsidiaries to reach final physical completion of AFE #AC16097 listed on Schedule 4.14; and

(i) decreased by an amount equal to One Million Fifty Thousand Dollars ($1,050,000), which amount shall correspond to and be deemed to be full and final settlement for the Released Claims.

Section 2.5 **Closing Payment and Post-Closing Adjustments**.

(a) Not later than three (3) Business Days prior to the Closing Date, Seller shall prepare and deliver to Purchaser a draft preliminary settlement statement (the "***Preliminary Settlement Statement***") setting forth (i) Seller's good faith estimate of the Adjusted Purchase Price as of the Closing Date after giving effect to all adjustments set forth in Section 2.4 along with reasonable supporting information and documentation, (ii) the Persons, accounts, and amounts of disbursements that Seller designates and nominates to receive the Closing Payment, and (iii) the wiring instructions for all such payments and disbursements. Seller shall supply to Purchaser reasonable documentation in the possession of Seller or any of its Affiliates to support the items for which adjustments are proposed or made in the Preliminary Settlement Statement delivered by Seller and a brief explanation of any such adjustments and the reasons therefor. Within two (2) Business Days after receipt of Seller's draft Preliminary Settlement Statement, Purchaser will deliver to Seller a written report containing all changes that Purchaser proposes to be made to the Preliminary Settlement Statement, if any, together with a brief explanation of any such changes. The Preliminary Settlement Statement, as agreed upon by the Parties, will be used to adjust the Unadjusted Purchase Price at Closing; *provided* that if the Parties cannot agree on all adjustments set forth in the Preliminary Settlement Statement prior to the Closing, then any adjustments as set forth in the Preliminary Settlement Statement as presented by Seller will be used to adjust the Unadjusted Purchase Price at Closing. In connection with the preparation, review or adjustment of the Adjusted Purchase Price provided in this Section 2.5, the Parties shall provide to each other all information reasonably requested by the other Party.

(b) As soon as reasonably practicable after the Closing, but not later than the one hundred and twentieth (120th) day following the Closing Date, Purchaser shall prepare and deliver to Seller a draft final settlement statement setting forth the final calculation of the Adjusted Purchase Price and showing the calculation of each adjustment under Section 2.4, based on the most recent actual figures for each adjustment along with reasonable supporting information and documentation. Purchaser shall, at Seller's request, make reasonable documentation available to support the final figures. As soon as reasonably practicable, but not later than the fifteenth (15th) day following receipt of Purchaser's statement hereunder, Seller shall deliver to Purchaser a written report containing any changes that Purchaser proposes be made in such statement. Any changes not so specified in such written report shall be deemed waived and Purchaser's determinations with respect to all such elements of the final settlement statement that are not addressed specifically in such report shall prevail. If Seller fails to timely deliver a written report to Purchaser containing changes Seller proposes to be made to the final settlement statement, the final settlement statement as delivered by Purchaser will be deemed to be correct and mutually agreed upon by the Parties, and will be final and binding on the Parties and not subject to further audit or arbitration. Purchaser may deliver a written report to Seller during the same fifteen (15) day period reflecting any changes that Purchaser proposes to be made in such statement as a result of additional information received

after the statement was prepared. The Parties shall undertake to agree on the final statement of the Adjusted Purchase Price no later than thirty (30) days following Seller's receipt of Purchaser's statement delivered hereunder. In the event that the Parties cannot reach agreement as to the final statement of the Adjusted Purchase Price within such period of time, either Party may refer the items of adjustment which are in dispute or the interpretation or effect of this Section 2.5 to a nationally-recognized independent accounting firm or consulting firm mutually acceptable to both Purchaser and Seller (the "***Accounting Referee***") for review and final determination by arbitration. The Accounting Referee shall conduct the arbitration proceedings in Midland, Texas in accordance with the Commercial Arbitration Rules of the AAA, to the extent such rules do not conflict with the terms of this Section 2.5(b). The Accounting Referee's determination shall be made within fifteen (15) days after submission of the matters in dispute and, without limiting Purchaser's right to indemnity under Section 12.2(b)(iii) for Seller Taxes, shall be final and binding on all Parties, without right of appeal. In determining the amount of any adjustment to the Adjusted Purchase Price, the Accounting Referee shall be bound by the terms of Section 2.4 and may not increase the Adjusted Purchase Price more than the increase proposed by Seller nor decrease the Adjusted Purchase Price more than the decrease proposed by Seller, as applicable. The Accounting Referee shall act as an expert for the limited purpose of determining the specific disputed aspects of Adjusted Purchase Price adjustments submitted by any Party and may not award damages, interest (except to the extent expressly provided for in this Section 2.5), or penalties to any Party with respect to any matter. Seller and Purchaser shall each bear its own legal fees and other costs of presenting its case. Seller and Purchaser shall each bear one-half of the fees, costs and expenses of the Accounting Referee. Within five (5) Business Days after the earlier of (i) the expiration of Seller's fifteen (15) day review period without delivery of any written report or (ii) the date on which the Parties or the Accounting Referee finally determine the Adjusted Purchase Price, (A) Purchaser shall pay to Seller the amount by which the Adjusted Purchase Price exceeds the sum of the Closing Payment *plus* the Deposit or (B) Seller shall pay to Purchaser the amount by which the sum of the Closing Payment *plus* the Deposit exceeds the Adjusted Purchase Price, as applicable.

(c) Seller shall assist Purchaser in preparation of the final statement of the Adjusted Purchase Price under Section 2.5(b) by furnishing invoices, receipts, reasonable access to personnel and such other assistance as may be requested by Purchaser to facilitate such process post-Closing.

(d) All payments made or to be made under this Agreement to Seller shall be made by electronic transfer of immediately available funds to such bank and account as may be specified by Seller in writing. All payments made or to be made hereunder to Purchaser shall be by electronic transfer of immediately available funds to such bank and account as may be specified by Purchaser in writing.

(e) All adjustments and payments made pursuant to this Article 2 shall be without duplication of any other amounts paid, credited, debited, or received under this Agreement.

Section 2.6 **Allocation of Purchase Price**.

(a) If the Call Option Exercise does not occur, then within thirty (30) days after the Cut-Off Date, Seller and Purchaser shall use commercially reasonable efforts to agree and to agree with Frontier upon an allocation of the fair market value of the Company (derived based upon the Adjusted Purchase Price) among the assets of the Company and its Subsidiaries for U.S. federal income tax purposes. If Seller, Purchaser and Frontier are able to agree on such allocation, Seller and Purchaser shall, and shall cause their Affiliates to, report consistently with such allocation, as adjusted, in all Tax Returns, including, but not limited to any statements required under Treasury Regulations Section 1.751-1(a)(3) and any allocation required under Section 755 of the Code, and neither Seller nor Purchaser shall take any position in any Tax Return that is inconsistent with such allocation, as adjusted, in each case, unless required to do so by a final determination as defined in Section 1313 of the Code; *provided*, *however*, nothing in this Agreement shall prevent either Party from settling any proposed deficiency or adjustment from a Governmental Authority arising from such allocation and neither Party shall be required to litigate any proposed deficiency or adjustment from a Governmental Authority arising from such allocation. Seller and Purchaser agree to promptly advise each other regarding the existence of any Tax audit, controversy or litigation related to such allocation, as adjusted.

(b) If the Call Option Exercise occurs, then within thirty (30) days after the Cut-Off Date, Seller and Purchaser shall use commercially reasonable efforts to agree upon an allocation of the Adjusted Purchase Price (and any other items properly treated as consideration for U.S. federal income tax purposes) among the assets of the Company and its Subsidiaries in accordance with Section 1060 of the Code and the Treasury Regulations thereunder. If Seller and Purchaser are able to agree on such allocation, Seller and Purchaser shall, and shall cause their Affiliates to, report consistently with such allocation, as adjusted, in all Tax Returns, including Internal Revenue Service Form 8594 (Asset Acquisition Statement under Section 1060), and neither Seller nor Purchaser shall take any position in any Tax Return that is inconsistent with such allocation, as adjusted, in each case, unless required to do so by a final determination as defined in Section 1313 of the Code; *provided*, *however*, nothing in this Agreement shall prevent either Party from settling any proposed deficiency or adjustment from a Governmental Authority arising from such allocation and neither Party shall be required to litigate any proposed deficiency or adjustment from a Governmental Authority arising from such allocation. Seller and Purchaser agree to promptly advise each other regarding the existence of any Tax audit, controversy or litigation related to such allocation, as adjusted.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES REGARDING SELLER

Subject to the provisions of this Article 3 and the other terms and conditions of this Agreement and the exceptions and matters set forth in the Disclosure Schedules, Seller represents and warrants to Purchaser as follows:

Section 3.1 **Organization, Existence and Qualification**. Seller is (a) a Delaware limited liability company, duly formed, validly existing and in good standing under the Laws of the state of Delaware and (b) except where the failure to do so does not result in a Material Adverse Effect, is duly qualified to carry on its business in the states where it is required to do so.

Section 3.2 **Power**. Seller has the limited liability company power to enter into and perform this Agreement and the other Transaction Documents and to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

Section 3.3 **Authorization and Enforceability**. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller (and all Transaction Documents required to be executed and delivered by Seller at Closing shall be duly executed and delivered by Seller) and this Agreement constitutes, and at the Closing such Transaction Documents shall constitute, the valid and binding obligations of Seller, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

Section 3.4 **No Conflicts**. Except as set forth on Schedule 3.4, and subject to obtaining any consents or termination of waiting periods under the HSR Act, the execution, delivery and performance of this Agreement and the other Transaction Documents by Seller and the consummation of the transactions contemplated by this Agreement, do not (a) violate any provision of the Governing Documents of Seller or any agreement or instrument to which Seller is a party or by which Seller is bound, (b) result in the creation of any Lien on the Subject Securities, (c) result in a material default (with due notice or lapse of time or both) or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, other financing instruments, or any material Contract to which Seller is a party or by which it is bound (which shall not be satisfied, assigned or terminated on or prior to the Closing as a result of the transactions contemplated hereunder), (d) violate, in any material respect, any judgment, order, permit, ruling, or decree of any Governmental Authority applicable to Seller as a party in interest, (e) violate, in any material respect, any Laws applicable to Seller, (f) provide any Person other than Purchaser with the right to exercise any right of first refusal to purchase or other right to purchase the Subject Securities, nor (g) require that any Consents be obtained, made, or complied with.

Section 3.5 **Litigation**. Except as set forth on Schedule 3.5 or any action, suit, or proceeding filed by any Governmental Authority after the Execution Date related to or arising out of the HSR Act, there are no material actions, suits, or proceedings (including condemnation, expropriation, or forfeiture proceedings) (a) pending before any Governmental Authority or arbitrator against Seller seeking to prevent the consummation of the transactions contemplated hereby, (b) relating to this Agreement, the consummation of the transactions contemplated hereunder or the Subject Securities or (c) to Seller's Knowledge, threatened with reasonable specificity by any Third Party or Governmental Authority against Seller seeking to prevent the consummation of the transactions contemplated hereby.

Section 3.6 **Bankruptcy**. There are no bankruptcy, reorganization, or receivership proceedings pending against, being contemplated by, or, to the Knowledge of Seller, threatened against, Seller.

Section 3.7 **Ownership of Subject Securities**.

(a) Seller is the sole record and beneficial owner of all of the Subject Securities, free and clear of all Liens (other than restrictions on transfer pursuant to applicable securities Laws or the applicable Governing Documents of the Company).

(b) At the Closing, the delivery by Seller to Purchaser of the Assignment will vest Purchaser with good and marketable title to all of the Subject Securities free and clear of all Liens (other than restrictions on transfer pursuant to applicable securities Laws or the applicable Governing Documents of Company and Liens and other matters arising by, through or under Purchaser or its Affiliates).

(c) Except as provided in the Governing Documents of the Company, the Credit Facility and any Liens securing the Credit Facility Indebtedness, (i) Seller has not entered into and is not bound by any commitment with respect to the Company Securities and is not a party to (A) any Contract (other than this Agreement) that could require Seller to dispose of or create a Lien on any of the Company Securities, or any part or interest therein or (B) any voting trust, proxy, or other agreement or understanding with respect to voting any of the Company Securities, (ii) Seller does not own, directly or indirectly, any Securities, rights exercisable or convertible therefor, or commitments to acquire Securities in or to the Company other than the Company Securities, and (iii) Seller is not a party to any Contract that restricts the right to dispose or create a Lien on any Company Securities or any part thereof or interest therein.

Section 3.8 **Company Governing Documents**. Except as set forth on Schedule 3.8, (a) the Governing Documents of Company, assuming due execution and delivery by the other counterparties (if any) thereto, constitutes the legal, valid and binding obligation of Seller and, to Seller's Knowledge as of the Execution Date, the other counterparties thereto (if any), in each case in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforceability is considered in a proceeding at Law or in equity), and (b) Seller is not in default of or breach under, and has not received any written notice of Seller's default or breach of, any Governing Document of the Company, the resolution of which is currently outstanding.

Section 3.9 **Assets**. As of January 1, 2017 Seller has, and Seller's assets as included in the audited balance sheet of Concho Resources, Inc., a Delaware corporation, prepared in accordance with the Accounting Principles as at December 31, 2016 reflects (or will reflect once prepared), a level of assets equal to or in excess of Five Billion Dollars ($5,000,000,000.00).

ARTICLE 4
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY AND THE SUBSIDIARIES

Subject to the provisions of this Article 4 and the other terms and conditions of this Agreement and the exceptions and matters set forth on the Disclosure Schedules, Seller represents and warrants to Purchaser as follows:

Section 4.1 **Existence, Qualification and Power**. The Company and each Subsidiary are each (a) a limited liability company, duly organized, validly existing and in good standing under the Laws of the state of its formation (as set forth in Schedule 4.1), (b) duly qualified to carry on the Business in the states where the Assets of each such Person are located and those other states where it is required to be so qualified, and (c) has the requisite limited liability company power and authority necessary to own, lease, or operate its properties and Assets and carry on the Business as presently conducted. Neither the Company nor its Subsidiaries is in breach of any provisions of its Governing Documents and there are no pending or, to the Seller's Knowledge, threatened in writing proceedings for the dissolution, liquidation, or insolvency, of the Company or its Subsidiaries. The Company and its Subsidiaries have never conducted any business other than the Business.

Section 4.2 **No Conflicts; Consents**. Except as set forth on Schedule 4.2 and subject to termination of waiting periods under the HSR Act, the execution, delivery and performance of this Agreement and the other Transaction Documents by Seller, and the consummation of the transactions contemplated by this Agreement, do not (a) violate any provision of the Governing Documents of the Company, the Subsidiaries or any agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound (other than the Credit Facility), (b) result in the creation of any Lien on the Company Securities or any Securities of the Subsidiaries, (c) result in any material default (with due notice or lapse of time or both) or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, other financing instrument or Material Contract to which Company or any Subsidiary is a party or by which it is bound (which shall not be satisfied, assigned or terminated on or prior to the Closing as a result of the transactions contemplated hereunder), (d) violate, in any material respect, any judgment, order, ruling, or decree of any Governmental Authority applicable to Company or any Subsidiary as a party in interest, (e) violate, in any material respect, any Laws applicable to Company or any Subsidiary, nor (f) require that any Consents be obtained, made, or complied with.

Section 4.3 **Capitalization of Company and the Subsidiaries**.

(a) The Company Securities and all Securities of the Subsidiaries have been duly authorized, are validly issued and outstanding, fully paid, and non-assessable (except as such non-assessability may be affected by Section 18-607 of the Delaware Limited Liability Company Act) and were not issued in violation of any Right or any provision of state or federal securities Law.

(b) Except as expressly set forth in the Governing Documents of the Company and the Subsidiaries, as applicable, (i) there are no outstanding preemptive or other outstanding Rights with respect to the Securities of the Company or the Subsidiaries, (ii) there are no appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription agreements, rights of first offer, rights of first refusal, tag along rights, drag along rights, subscription rights, or commitments or other rights or contracts of any kind or character relating to or entitling

any Person to purchase or otherwise acquire any Securities of the Company or the Subsidiaries or requiring the Company or any Subsidiary to issue, transfer, convey, assign, redeem or otherwise acquire or sell any Securities, (iii) there are no equity holder agreements, voting agreements, proxies, or other similar agreements or understandings with respect to the Company Securities or any of the Securities of the Subsidiaries and (iv) no Securities of Company or any Subsidiary are reserved for issuance.

(c) As of the Closing, the Company Securities will constitute all of the issued and outstanding Securities in Company.

(d) No Securities of Company or any Subsidiary have been offered, issued, sold, or transferred in violation of any applicable Law or preemptive or similar rights. Neither Company nor any Subsidiary is under any obligation, contingent or otherwise, by reason of any contract or agreement to register the offer and sale or resale of any of its Securities under the Securities Act of 1933, as amended or otherwise modified. The Company or one of its Subsidiaries owns of record and beneficially all of the outstanding shares of capital stock or other Securities of each of the Subsidiaries, free and clear of all Liens (other than restrictions on transfer pursuant to applicable securities Laws or the applicable Governing Documents of each such Subsidiary).

(e) Except for the Subsidiaries, Company does not own, and has not owned, directly or indirectly, any Securities of or in, any Person (other than Company or the Subsidiaries) and does not and has not owned any subsidiaries.

(f) Schedule 4.3(f) sets forth (i) the name and state of formation of each Subsidiary of the Company, (ii) the amount and classification of each such Subsidiary's authorized and outstanding Securities, (iii) the record owner of each such Subsidiary's Securities, (iv) the names of the officers, directors, or managers of the Company and each Subsidiary, and (v) the jurisdictions in which the Company and each Subsidiary is qualified or holds licenses to do business as a foreign entity.

(g) Prior to Execution Date, Seller has provided Purchaser access, via the VDR or otherwise, to complete and accurate copies of each Governing Document of Company and each Subsidiary, including all amendments thereto, as each are in full force and effect.

Section 4.4 **Financial Statements**. Company has delivered to Purchaser complete and accurate copies of (a) the audited balance sheet of Company as at December 31, 2015 and the related unaudited statements of income and of cash flow of Company for the year then ended and (b) the unaudited balance sheet of Company as at October 31, 2016 and the related statements of income and cash flows of Company for the ten (10) month period then ended (such statements are referred to herein as the "***Financial Statements***"). Except as set forth on Schedule 4.4, each of the Financial Statements has been prepared in accordance with the Accounting Principles consistently applied by Company and without modification of the Accounting Principles used in the preparation thereof throughout the periods presented, presents fairly in all material respects the financial position, results of operations and cash flows of Company and the Subsidiaries as at the dates and for the periods indicated therein and are consistent with the Records of the Company and its Subsidiaries, except that the unaudited Financial Statements do not contain footnote disclosures and other presentation items and the Financial Statements for the ten (10) month period ended October 31, 2016 are subject to normal year-end adjustments. For the purposes hereof, the unaudited balance sheet of Company

as at October 31, 2016 is referred to as the "***Balance Sheet***" and October 31, 2016 is referred to as the "***Balance Sheet Date***."

Section 4.5 **No Undisclosed Liabilities**. Except with respect to Environmental Laws and Environmental Liabilities, which are solely addressed in Section 4.15 and Section 6.2, and Tax matters, which are addressed in Section 4.9, Section 4.11 and Article 10, neither the Company nor any of its Subsidiaries have any commitments, liabilities, obligations or Indebtedness, that are required by the Accounting Principles to be included on an unaudited balance sheet of the Company (and, if applicable, its Subsidiaries), in each case, other than those items that are reflected in, reserved against or otherwise described on Schedule 4.5. Except as (a) set forth on Schedule 4.5, the Balance Sheet or the notes thereto, (b) are not, individually or in the aggregate, material to Company and its Subsidiaries, (c) are incurred in the ordinary course of business since the Balance Sheet Date, (d) are included in Effective Time Working Capital or constitute Transaction Costs for which the Unadjusted Purchase Price has been adjusted pursuant to Section 2.4(f) or (e) are not required under the Accounting Principles to be disclosed, reflected, reserved against or otherwise provided for in the Financial Statements or disclosed in the notes thereto, the Company and its Subsidiaries have no commitments, liabilities, obligations or Indebtedness of any kind (whether accrued or fixed, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable or otherwise).

Section 4.6 **Absence of Changes**. Since the Balance Sheet Date, the Company and its Subsidiaries have in all material respects (1) conducted the Business in the ordinary course consistent with past practices and (2) used commercially reasonable efforts to preserve intact their respective material relationships with Third Parties and to keep available the services of their respective present officers and key employees, and except as set forth in Schedule 4.6, neither the Company nor any of its Subsidiaries has (a) amended its Governing Documents (other than any amendments thereto delivered to Purchaser prior to the Execution Date); (b) sold, transferred or disposed of any of its Assets, including any right under any lease or Contract or any proprietary right or other intangible Asset, or terminated or relinquished any rights under any Contract (or series of related Contracts) related to its Assets or the Business, in each case having a value in excess of One Million Dollars ($1,000,000.00); (c) waived, released, canceled, settled or compromised any debt, Claim or right having a value in excess of One Million Dollars ($1,000,000.00); (d) except as may be required to meet the requirements of applicable Law or Accounting Principles, changed any accounting method or practice in a manner that is inconsistent with past practice in a way that would materially and adversely affect the Business, the Company or any of its Subsidiaries; (e) failed to maintain its limited liability company, partnership or corporate existence, as applicable, or consolidated with any other Person or acquired all or substantially all of the Assets of any other Person; (f) issued or sold any Securities in itself; (g) liquidated, dissolved, recapitalized, reorganized or otherwise wound up the Business; (h) purchased any Securities of any Person, except for short-term investments made in the ordinary course of business; (i) experienced on or prior to the Execution Date any material Casualty Loss in excess of One Million Dollars ($1,000,000.00) (whether or not covered by insurance) to any Assets; or (j) agreed or committed to do any of the foregoing.

Section 4.7 **Litigation**. Except as set forth on Schedule 4.7 or any action, suit, or proceeding filed by any Governmental Authority after the Execution Date related to or arising out of the HSR Act, and except with respect to Environmental Laws and Environmental Liabilities, which are solely addressed in Section 4.15 and Section 6.2, except for Tax matters, which are addressed in Section 4.9, Section 4.11 and Article 10, there are no material actions, suits, or proceedings (including condemnation, expropriation, or forfeiture proceedings) (a) pending before any Governmental Authority or arbitrator against the Company or any Subsidiary (i) relating to the Business, any Company Securities, Securities of any Subsidiary, any Asset or the Company's or any Subsidiaries' ownership or operation thereof or (ii) seeking to prevent the consummation of the transactions contemplated hereby or (b) to Seller's Knowledge, threatened in writing with reasonable specificity by any Third Party or Governmental Authority against the Company or any Subsidiary (i) relating to the Business, any Company Securities, Securities of any Subsidiary, any Asset or the Company's or any Subsidiaries' ownership or operation thereof or (ii) seeking to prevent the consummation of the transactions contemplated hereby.

Section 4.8 **Bankruptcy**. There are no bankruptcy, reorganization, or receivership proceedings pending against, being contemplated by, or, to the Knowledge of Seller, threatened in writing against, Company or any Subsidiary.

Section 4.9 **Taxes**. Except as set forth on Schedule 4.9:

(a) (i) All Tax Returns required to be filed by or with respect to the Company or any of its Subsidiaries have been duly and timely filed, and each such Tax Return is true, correct and complete in all material respects, (ii) all Taxes owed by the Company or any of its Subsidiaries that are or have become due have been timely paid in full, (iii) all Tax withholding and deposit requirements imposed on or with respect to the Company or any of its Subsidiaries have been satisfied in all material respects and the Company and each of its Subsidiaries has properly received and maintained any and all certificates, forms, and other documents required by Law for any exemption from withholding and remitting any Taxes, and (iv) there are no Liens (other than statutory Liens for Taxes that are not yet due and payable) on any of the assets of the Company or any of its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax;

(b) Since the date of the balance sheet included in the Financial Statements, neither the Company nor any of its Subsidiaries has (i) made or revoked any material election in respect of Taxes, (ii) changed any accounting method in respect of Taxes, (iii) prepared any Tax Returns in a manner which is not consistent with the past practice of the Company or applicable Subsidiary with respect to the treatment of items on such Tax Returns, (iv) filed any amendment to a Tax Return that will or is reasonably expected to increase the Tax liability of the Company or any Subsidiary after the Closing, (v) incurred any liability for Taxes other than in the ordinary course of business, (vi) settled any claim or assessment in respect of Taxes, (vii)) consented to the extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes with any Governmental Authority, or (viii) surrendered any right to claim a refund of Taxes;

(c) True, complete and correct copies of the following have been delivered to Purchaser: (i) all income and franchise Tax Returns and other material Tax Returns of the Company or any of its Subsidiaries for Tax periods ending on or after December 31, 2012, and (ii) all audit or examination reports, notices of proposed adjustments, statements of deficiencies, or similar correspondence received by or with respect to the Company or any of its Subsidiaries;

(d) There is not in force any extension of time with respect to the due date for the filing of any material Tax Return of the Company or any of its Subsidiaries or any waiver or agreement for any extension of time for the assessment or payment of any material Tax by the Company or any of its Subsidiaries;

(e) (i) There is no claim against the Company or any of its Subsidiaries for any Taxes, and no assessment, deficiency, or adjustment has been asserted, proposed, or threatened in writing with respect to any Taxes or Tax Returns of or with respect to the Company or any of its Subsidiaries that has not been resolved, (ii) no Tax audits or administrative or judicial proceedings are being conducted, pending or threatened in writing with respect to the Company or any of its Subsidiaries, and (iii) no claim has ever been made by an authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the Company or any of its Subsidiaries is or may be subject to taxation in that jurisdiction;

(f) None of the Company or any of its Subsidiaries is a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements (excluding, for the avoidance of doubt, any commercial agreements or contracts entered into in the ordinary course of business and that are not primarily related to Taxes), and none of the Company or any of its Subsidiaries has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Tax Law) as a transferee, successor, or otherwise;

(g) Unless the Call Option Exercise occurs, (i) the Company is, and has at all times since its formation been and through the Closing will be, classified as a partnership for U.S. federal income tax purposes, and (ii) each of the Company's Subsidiaries is, and has at all times since its formation been and through the Closing will be, classified as an entity disregarded as separate from the Company for U.S. federal income tax purposes;

(h) If the Call Option Exercise occurs, (i) the Company will have been, at all times since its formation and until Seller's purchase of all of the Class B Securities from Frontier, classified as a partnership for U.S. federal income tax purposes, (ii) the Company will have been, at all times since Seller's purchase of all of the Class B Securities from Frontier and until the Closing, classified as an entity disregarded as separate from Concho Resources Inc. for U.S. federal income tax purposes, (iii) each of the Company's Subsidiaries will have been, at all times since its formation and until Seller's purchase of all of the Class B Securities from Frontier, classified as an entity disregarded as separate from the Company for U.S. federal income tax purposes, and (iv) each of the Company's Subsidiaries will have been, at all times since Seller's purchase of all of the Class B Securities from Frontier and until the Closing, classified as an entity disregarded as separate from Concho Resources Inc. for U.S. federal income tax purposes; and

(i) None of the assets of the Company or its Subsidiaries is subject to any Tax partnership agreement or provisions requiring a partnership income Tax Return (other than any partnership income Tax Return of the Company) to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code.

Notwithstanding any other provision in this Agreement, the representations and warranties in this Section 4.9 and Section 4.11 are the only representations and warranties in this Agreement with respect to the Tax matters of the Company and its Subsidiaries.

Section 4.10 **Employees**. Neither the Company nor any of its Subsidiaries have, nor have the Company or any of its Subsidiaries ever had, any employees.

Section 4.11 **Employee Benefits**. Neither the Company nor any of its Subsidiaries sponsors, maintains, contributes to, or has any liability with respect to, or has ever sponsored, maintained or contributed to, an "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other benefit plan or program for employees or other service providers. Within the six (6) years preceding the Closing Date, neither Seller nor any of its ERISA Affiliates have sponsored, maintained, contributed to, or been required to contribute to a plan subject to Title IV of ERISA or Section 412 of the Code.

Section 4.12 **Compliance with Laws**. Except as set forth on Schedule 4.12 and except with respect to (i) Environmental Laws and Environmental Liabilities, which are solely addressed in Section 4.15 and Section 6.2, and (ii) Laws with respect to Taxes, which are solely addressed in Section 4.9 and Section 4.11:

(a) The ownership of the Subject Securities, the conduct of the Business and the operation of the Gathering System on or prior to the Execution Date are not and have not been in violation of any applicable Laws, in any material respect; and

(b) All material permits, approvals and licenses required from Governmental Authorities pursuant to applicable Laws with respect to the ownership or operation of the Assets have been properly obtained and are in full force and effect and the Business and the Assets are in material compliance with all such material permits, approvals and licenses.

Section 4.13 **Contracts**.

(a) Schedule 4.13(a) sets forth a complete and accurate list of all Material Contracts.

(b) Except as set forth on Schedule 4.13(b), (i) each Material Contract is in full force and effect according to its terms, except to the extent the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, arrangement or other similar Laws relating to affecting the rights of creditors generally, or by general equitable principles that restrict the enforceability of any such Material Contract or the availability of equitable or legal remedies thereunder, and (ii) neither the Company, any Subsidiary of the Company, nor, to Seller's Knowledge, any other party thereto is in material default or material breach (or with the giving of notice or the lapse of time will be in such material default or breach) of any Material Contract, the resolution of which is currently outstanding.

Section 4.14 **Outstanding Capital Commitments**. Except as set forth on Schedule 4.14, there are no outstanding authorizations for expenditure or similar requests or invoices for funding or participation for capital contributions under any Contract that are binding on Company, any Subsidiary or the Gathering System and that Seller reasonably anticipates will individually (and together with related authorizations or requests) require expenditures by Company or any Subsidiary attributable to periods on or after the Effective Time in excess of One Million Dollars ($1,000,000.00).

Section 4.15 **Environmental Matters**. Except as set forth in Schedule 4.15:

(a) The Company and its Subsidiaries are in compliance with applicable Environmental Laws in all material respects;

(b) All material permits, approvals and licenses required from Governmental Authorities pursuant to Environmental Laws with respect to the ownership or operation of the Assets (the "***Environmental Permits***") have been properly obtained and are in full force and effect and the Business and the Assets are in material compliance with all such Environmental Permits;

(c) Neither the Company nor any of its Subsidiaries (i) has received from any Governmental Authority any written notice of material violation of, alleged material violation of, material non-compliance with, or material liability or potential or alleged material liability pursuant to, any Environmental Law involving the operations of the Gathering System other than notices with respect to matters that have been resolved to the satisfaction of any relevant Governmental Authority and for which neither the Company nor any of its Subsidiaries has any further material obligations outstanding or (ii) is subject to any outstanding governmental order, "consent order" or other agreement with a Governmental Authority pursuant to Environmental Laws; and

(d) There has been no Release of Hazardous Substances on or from any Asset in violation of any applicable Environmental Laws or that requires any material remedial action or material corrective action pursuant to applicable Environmental Laws. The Company has made available for inspection by Purchaser copies of all material environmental assessments and other material environmental studies relating to or involving the Assets that are in the possession of the Company or its Subsidiaries and that have been prepared in the three (3) years preceding the Execution Date.

Notwithstanding anything herein to the contrary, this Section 4.15 contains Seller's sole and exclusive representations and warranties with respect to environmental matters, Environmental Laws, Environmental Liabilities, Releases and Hazardous Substances.

Section 4.16 **Intellectual Property**.

(a) No material registrations or applications for registration are included in any Intellectual Property Rights held by the Company or its Subsidiaries. The Company and its Subsidiaries own, license or otherwise have a valid right to use, free and clear of all Liens (other than Permitted Encumbrances), all material Intellectual Property Rights necessary to conduct the Business as conducted as of the Execution Date.

(b) The conduct of the Business as currently conducted has not infringed or misappropriated any Intellectual Property Right of any Third Party in any material respect.

(c) The consummation of the transactions contemplated hereby will not result in the loss or impairment of any material right of the Company or any of its Subsidiaries to own, use, practice or exploit any Intellectual Property Rights held by or licensed to the Company or any of its Subsidiaries (excluding licenses for commercially available, "off-the-shelf" software).

Section 4.17 **Insurance**. Set forth on Schedule 4.17 is a complete and accurate list of all risk property, general liability, third party offsite pollution liability, automobile liability, workers' compensation and employers' liability, umbrella/excess liability and directors' and officers' liability insurance held by the Company or its Subsidiaries. All of such policies are in full force and effect and there is no material claim pending under any such policies as to which coverage has been denied by the insurer other than customary indications as to reservation of rights by insurers listed on Schedule 4.17 and neither the Company nor any of its Subsidiaries has received written notice of cancellation of any such insurance policies.

Section 4.18 **Real Property; Personal Property**.

(a) Set forth on Schedule 4.18(a) is a complete and accurate list of all real property owned in fee title by the Company or its Subsidiaries (the "***Fee Properties***").

(b) Set forth on Schedule 4.18(b) is a complete and accurate list of all real property leased by the Company or any of its Subsidiaries (the "***Leased Properties***").

(c) Set forth on Schedule 4.18(c) is a complete and accurate list of all Rights of Way used or held for use by the Company and its Subsidiaries (the "***Company Rights of Way***").

(d) Except as set forth on Schedule 4.18(g) and for Permitted Encumbrances, the Company or its Subsidiaries has good and marketable beneficial title (in accordance with the terms of the applicable Contract associated therewith) or record title to, or where applicable a valid leasehold interest in, the Fee Properties, Leased Properties and Company Rights of Way.

(e) Except for the matters set forth on Schedule 4.18(g), the Fee Properties, Leased Properties and Company Rights of Way constitute all of the real property rights necessary to operate the Gathering System (including the construction, use, operation and maintenance thereof) in the manner such Gathering System is currently being constructed, to the extent not fully constructed as of the Execution Date, and operated (including the construction to the extent not fully constructed as of the Execution Date, use, operation and maintenance thereof) as of the Execution Date.

(f) Neither the Company nor any Subsidiary, as applicable, is or with the giving of notice or passage of time would be, in default in any material respect of any Contracts and agreements that vest title in the Company Group as to the Leased Properties and the Company Rights of Way. As of the Closing Date, one or more of Seller, members of the Company Group, or Frontier has made available to Purchaser copies that are in all material respects true, correct and complete of all material deeds, leases, easements, licenses and other documents and instruments that vest title in the Company (or applicable Subsidiary) to the Fee Properties, Leased Properties and Company Rights of Way (but excluding any other instruments constituting any of the Company Group's chain of title to the Fee Properties, Leased Properties and Company Rights of Way).

(g) Except as set forth on Schedule 4.18(g), the Leased Properties and Company Rights of Way underlying the Gathering System, taken together, establish a continuous right-of-way along the route of the Gathering System that is free from any gaps that would reasonably be expected to have a material adverse effect on Purchaser's ability to own and operate the Gathering System. In addition, the Gathering System is located within the boundaries of property rights of the Company and its Subsidiaries under the Fee Properties, Leased Properties and Company Rights of Way.

(h) Subject to Permitted Encumbrances, the Company and each of its Subsidiaries has good and marketable record title or beneficial title (in accordance with the terms of the applicable Contract associated therewith) to, or a valid leasehold interest or sub-leasehold interest in, its respective tangible personal properties and assets (other than the Fee Properties, Leased Properties and Company Rights of Way) that are included in the Assets that are used, or held for use, in the conduct of the Business.

Notwithstanding anything in this Section 4.18 to the contrary, after the Title Curative Deadline, the title curative actions set forth on Schedule 7.15 shall be disregarded from Schedule 4.18 for all purposes of Article 12.

Section 4.19 **Bank Accounts**. Schedule 4.19 sets forth a true and complete list of all deposit, demand, savings, passbook, security or similar accounts maintained by Frontier (with respect to the Business), the Company or any of the Subsidiaries with any bank or financial institution, the names and addresses of the banks or financial institutions maintaining each such account and the authorized signatories on each such account.

Section 4.20 **Books and Records**. The minute books of the Company and the Subsidiaries contain materially accurate and complete records of all meetings held and action taken by the members of the Company and the Subsidiaries. The Company and the Subsidiaries maintain all books of account and other business records (including the Records) required by applicable Law or necessary to conduct the Business of the Company and the Subsidiaries in accordance with the past practices of such Person, consistently applied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as of the Execution Date and the Closing Date the following:

Section 5.1 **Existence and Qualification**. Purchaser (a) is a limited partnership duly formed, validly existing and in good standing under the Laws of the state of Texas, (b) is duly qualified to carry on its business in states where it is required to be so qualified, and (c) has the requisite limited partnership power and authority necessary to own, lease, or operate its properties and assets and carry on its business as presently conducted.

Section 5.2 **Power**. Purchaser has the limited partnership power to enter into and perform its obligations under this Agreement, the other Transaction Documents, and all other such documents required to be executed and delivered by Purchaser at Closing and to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

Section 5.3 **Authorization and Enforceability**. The execution, delivery and performance of this Agreement and the other Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary limited partnership action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser (and all documents required to be executed and delivered by Purchaser at Closing shall be duly executed and delivered by Purchaser) and this Agreement constitutes, and at the Closing such documents shall constitute, the valid and binding obligations of Purchaser, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

Section 5.4 **No Conflicts; Consents**. Except as required under the HSR Act, the execution, delivery and performance of this Agreement and the other Transaction Documents by Purchaser, and the consummation of the transactions contemplated by this Agreement shall not (a) violate any provision of the Governing Documents of Purchaser or any agreement or instrument to which Purchaser or any of its Affiliates is a party or by which it is bound, (b) result in a material default (with due notice or lapse of time or both) or give rise to any right of termination, cancellation, or acceleration under any material note, bond, mortgage, indenture, or other financing instrument to which Purchaser or any of its Affiliate is a party or by which it is bound, (c) violate any judgment, order, ruling, or regulation applicable to Purchaser as a party in interest, (d) violate any Law applicable to Purchaser, nor (e) require that any Consent be obtained, made, or complied with.

Section 5.5 **Defense Production Act**. Purchaser is not a foreign person and the transactions contemplated by this Agreement are not a covered transaction as those terms are defined in Section 721 of the Defense Production Act of 1950, as amended, 50 U.S.C. App. 2170, and the regulations promulgated thereunder, 31 C.F.R. Part 800.

Section 5.6 **Litigation**. There are no actions, suits, or proceedings (including condemnation, expropriation, or forfeiture proceedings) (a) pending before any Governmental Authority or arbitrator against Purchaser or its Affiliates seeking to prevent the consummation of the transactions contemplated hereby (other than any such threat in writing with respect to any action, suit, or proceeding filed after the Execution Date related to or arising out of the HSR Act relating to or arising out of the execution or delivery of this Agreement or the consummation of the transactions contemplated hereunder) or (b) to Purchaser's knowledge, expressly threatened in writing with reasonable specificity by any Third Party or Governmental Authority against Purchaser or its Affiliates seeking to prevent the consummation of the transactions contemplated hereby (other than any such threat in writing with respect to any action, suit or proceeding filed after the Execution Date related to or arising out of the HSR Act relating to or arising out of the execution or delivery of this Agreement or the consummation of the transactions contemplated hereunder).

Section 5.7 **Bankruptcy**. There are no bankruptcy, reorganization or receivership proceedings pending against, being contemplated by or, to the knowledge of Purchaser, threatened against Purchaser or any Affiliate thereof (whether by Purchaser or any Third Party).

Section 5.8 **Financing**. Purchaser has sufficient cash (in United States Dollars) to enable Purchaser to (a) fund the Deposit on the Execution Date, (b) pay the Closing Payment on the Closing Date to or on behalf of Seller and (c) pay and perform all other obligations of Purchaser hereunder and the other agreements delivered hereunder by Purchaser. As of January 1, 2017 Purchaser has, and Purchaser's assets as included in the audited consolidated balance sheet of Purchaser Parent prepared in accordance with the Accounting Principles as at December 31, 2016 reflects (or will reflect once prepared), a level of assets equal to or in excess of Five Billion Dollars ($5,000,000,000.00).

Section 5.9 **Investment Intent**. Purchaser is acquiring the Subject Securities for its own account and not with a view to their sale or distribution in violation of the Securities Act of 1933, as amended, the rules and regulations thereunder, any applicable state blue sky Laws, or any other applicable securities Laws. Purchaser has made, independently and without reliance on Seller (except to the extent that Purchaser has relied on the representation and warranties in this Agreement), its own analysis of the Subject Securities, the Company and its Subsidiaries and the Assets for the purpose of acquiring the Subject Securities, and Purchaser has had reasonable and sufficient access to documents, other information and materials as it considers appropriate to make its evaluations. Purchaser acknowledges that the Subject Securities are not registered pursuant to the Securities Act of 1933 and that none of the Subject Securities may be transferred, except pursuant to an effective registration statement or an applicable exemption from registration under the Securities Act of 1933. Purchaser is an "accredited investor" as defined under Rule 501 promulgated under the Securities Act of 1933.

Section 5.10 **Independent Evaluation**.

(a) Purchaser is a sophisticated, experienced and knowledgeable investor in the oil and gas transportation, gathering and processing business. In entering into this Agreement, other than with respect to the representations, warranties and covenants made hereunder, Purchaser has relied solely upon Purchaser's own expertise in legal, Tax, reservoir engineering, and other professional counsel concerning this transaction, the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets, and the value thereof. Purchaser

acknowledges and affirms that (i) it has completed such independent investigation, verification, analysis, and evaluation of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets and has made all such reviews and inspections of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets as it has deemed necessary or appropriate to enter into this Agreement, (ii) Purchaser shall be deemed to have knowledge of all facts, materials, and documents described, contained or set forth in the VDR on or prior to the Execution Date and the Disclosure Schedules, and (iii) at Closing, Purchaser shall have completed, or caused to be completed, its independent investigation, verification, analysis, and evaluation of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets and made all such reviews and inspections of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets as Purchaser has deemed necessary or appropriate to consummate the transaction.

(b) Except for the representations and warranties expressly made by Seller in this Agreement or the representations and warranties contained in the Class B Purchase Agreement, Purchaser acknowledges that no member of the Seller Group or any other Person has made, and Purchaser has not relied upon, any representations or warranties, express or implied, as to (i) Seller, the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets, or any other matters, including the financial condition, physical condition, environmental condition, liabilities, operations, business, prospects of, or title to the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or (ii) the accuracy or completeness of any of the information provided or made available to Purchaser, its Affiliates or Purchaser's Representatives, including the Due Diligence Information. Purchaser further acknowledges that (A) any information, document or material provided or made available, or statements made, to Purchaser, its Affiliates or Purchaser's Representatives during site or office visits, in the VDR, any "data rooms," management presentations or supplemental due diligence information provided to Purchaser, its Affiliates or Purchaser's Representatives in connection with discussions with management or in any other form in expectation of the transactions contemplated by this Agreement (collectively, the "***Due Diligence Information***") includes certain projections, estimates and other forecasts and certain business plan information, (B) there are uncertainties inherent in attempting to make such projections, estimates and other forecasts and plans, and (C) Purchaser is aware of such uncertainties, and, except to the extent warranted under this Agreement, Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections, estimates and other forecasts and plans so furnished to it and any use of or reliance by Purchaser on such projections, estimates and other forecasts and plans shall be at its sole risk.

(c) Purchaser specifically disclaims any obligation or duty by Seller or any member of the Seller Group to make any disclosures of fact not required to be disclosed pursuant to the express representations and warranties set forth herein, in the Class B Purchase Agreement and in the Assignment.

(d) Purchaser understands and acknowledges that neither the United States Securities and Exchange Commission nor any federal, state, or foreign agency has passed upon the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or made any finding or determination as to the fairness of an investment in the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or the accuracy or adequacy of the disclosures made to Purchaser.

Section 5.11 **Class B Purchase Agreement Representations**. The representations and warranties of Purchaser set forth in the Class B Purchase Agreement are true and correct in all material respects as of the Execution Date and as of the Closing Date (other than representations and warranties therein that refer to a specified date, which need only be true and correct in all material respects on and as of such specified date).

ARTICLE 6
DISCLAIMERS AND ACKNOWLEDGEMENTS

Section 6.1 **General Disclaimers**. **WITHOUT LIMITING PURCHASER'S RIGHTS UNDER THE CLASS B PURCHASE AGREEMENT AND HEREUNDER WITH RESPECT TO THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN, UNDER THE ASSIGNMENT AND UNDER THE SELLER CERTIFICATE, AND EXCEPT AS EXPRESSLY REPRESENTED AND WARRANTED HEREUNDER AND THEREUNDER, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, (A) SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES AND REPRESENTS AND WARRANTS THAT PURCHASER HAS NOT RELIED UPON, ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN THIS AGREEMENT OR UNDER ANY OTHER INSTRUMENT, AGREEMENT, OR CONTRACT DELIVERED HEREUNDER OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREUNDER OR THEREUNDER, INCLUDING ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED AS TO (i) TITLE TO ANY OF THE ASSETS, (ii) THE CONTENTS, CHARACTER OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT OR ANY GEOLOGICAL, SEISMIC DATA, RESERVE DATA, RESERVE REPORTS, OR RESERVE INFORMATION (ANY ANALYSIS OR INTERPRETATION THEREOF) RELATING TO THE ASSETS, (iii) ANY ESTIMATES OF THE VALUE OF THE COMPANY SECURITIES OR THE ASSETS OR FUTURE REVENUES GENERATED BY THE COMPANY SECURITIES OR THE ASSETS, (iv) THE VOLUMES OF PETROLEUM SUBSTANCES TRANSPORTED ON THE ASSETS, (v) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN, OR MARKETABILITY OF THE ASSETS, (vi) INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT, OR (vii) ANY OTHER RECORD, FILES, MATERIALS OR INFORMATION (INCLUDING AS TO THE ACCURACY, COMPLETENESS, OR CONTENTS OF THE RECORDS) THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO PURCHASER OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES, OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO, AND (B) SELLER FURTHER DISCLAIMS, AND PURCHASER WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT EXCEPT AS SET FORTH ABOVE, THE COMPANY SECURITIES AND THE ASSETS ARE BEING TRANSFERRED "*AS IS*, *WHERE IS*", WITH ALL FAULTS AND DEFECTS, AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE.**

Section 6.2 **Environmental Disclaimers**. Purchaser acknowledges that (a) the Gathering System and the other Assets have been used for gathering and transportation of Hydrocarbons and there may be petroleum, wastes, scale, NORM, Hazardous Substances, or other substances or materials located in, on or under the Gathering System or other Assets or associated therewith; (b) the Gathering System and sites included in the Assets may contain asbestos, NORM or other Hazardous Substances; (c) NORM may affix or attach itself to the inside of pipelines, materials and other equipment comprising the Gathering System as scale, or in other forms; (d) the pipelines, materials and other equipment comprising the Gathering System may contain NORM and other wastes or Hazardous Substances; (e) NORM containing material or other wastes or Hazardous Substances may have come in contact with various environmental media, including water, soils, or sediment; and (f) special procedures may be required for the assessment, remediation, removal, transportation, or disposal of environmental media, wastes, asbestos, NORM and other Hazardous Substances from the Assets. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4.15 AND PURCHASER'S INDEMNITY RIGHTS UNDER SECTION 12.2(b)(i) WITH RESPECT TO BREACHES OF SECTION 4.15, SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRESENCE OR ABSENCE OF ASBESTOS OR NORM IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR PIPELINE OPERATIONS IN THE AREAS WHERE THE ASSETS ARE LOCATED. AS OF CLOSING, PURCHASER SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED), ITS RIGHT TO INSPECT THE ASSETS FOR ALL PURPOSES, AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, WITH RESPECT TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE, OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS AND NORM. PURCHASER IS RELYING SOLELY UPON THE TERMS OF THIS AGREEMENT AND ITS OWN INSPECTION OF THE ASSETS. AS OF CLOSING, PURCHASER HAS MADE ALL SUCH REVIEWS AND INSPECTIONS OF THE ASSETS AND THE RECORDS AS PURCHASER HAS DEEMED NECESSARY OR APPROPRIATE TO CONSUMMATE THE TRANSACTION.**

Section 6.3 **Changes in Prices**. **PURCHASER ACKNOWLEDGES THAT IT SHALL ASSUME ALL RISK OF LOSS WITH RESPECT TO: (A) CHANGES IN COMMODITY OR PRODUCT PRICES AND ANY OTHER MARKET FACTORS OR CONDITIONS FROM AND AFTER THE EFFECTIVE TIME; AND (B) DEPRECIATION OF ANY ASSETS THROUGH ORDINARY WEAR AND TEAR.**

Section 6.4 **Limited Duties**. **ANY AND ALL DUTIES AND OBLIGATIONS WHICH EITHER PARTY MAY HAVE TO THE OTHER PARTY WITH RESPECT TO OR IN CONNECTION WITH THE COMPANY SECURITIES, THE ASSETS, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY ARE LIMITED TO THOSE IN THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS. THE PARTIES DO NOT INTEND (A) THAT THE DUTIES OR OBLIGATIONS OF EITHER PARTY, OR THE RIGHTS OF EITHER PARTY, SHALL BE EXPANDED BEYOND THE TERMS OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS ON THE BASIS OF ANY LEGAL OR EQUITABLE PRINCIPLE OR ON ANY OTHER BASIS WHATSOEVER OR (B) THAT EXCEPT WITH RESPECT TO FRAUD, ANY EQUITABLE OR LEGAL PRINCIPLE OR ANY IMPLIED OBLIGATION OF GOOD FAITH OR FAIR DEALING OR ANY OTHER MATTER REQUIRES EITHER PARTY TO INCUR, SUFFER, OR PERFORM ANY ACT, CONDITION, OR OBLIGATION CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, AND THAT THEY DO NOT INTEND TO INCREASE ANY OF THE OBLIGATIONS OF ANY PARTY UNDER THIS AGREEMENT ON THE BASIS OF ANY IMPLIED OBLIGATION OR OTHERWISE.**

Section 6.5 **Class B Purchase Price**. **UPON PAYMENT OF THE CLASS B PURCHASE PRICE TO FRONTIER, SELLER HEREBY IRREVOCABLY AND UNCONDITIONALLY, FULLY AND FOREVER, WAIVES, RELEASES AND DISCHARGES PURCHASER GROUP FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTIONS, OBLIGATIONS, JUDGMENTS, RIGHTS, FEES, DAMAGES, DEBTS, LIABILITIES AND EXPENSES (INCLUSIVE OF ATTORNEYS' FEES) OF ANY KIND WHATSOEVER RELATED TO THE CALCULATION OF THE CLASS B PURCHASE PRICE OR THE AMOUNT OF CONSIDERATION PAYABLE FOR THE CLASS B SECURITIES; EXCLUDING, HOWEVER, ANY CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTIONS, OBLIGATIONS, JUDGMENTS, RIGHTS, FEES, DAMAGES, DEBTS, LIABILITIES AND EXPENSES (INCLUSIVE OF ATTORNEYS' FEES) OF ANY KIND WHATSOEVER RELATED TO (A) THE RESCISSION OF THIS AGREEMENT OR THE CLASS B PURCHASE AGREEMENT OR (B) ANY ACT OF FRAUD OR WILLFUL MISCONDUCT OF ANY MEMBERS OF THE PURCHASER GROUP.**

SELLER AND PURCHASER AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE 6 AND THE REST OF THIS AGREEMENT ARE "*CONSPICUOUS*" DISCLAIMERS FOR THE PURPOSE OF ANY APPLICABLE LAW.

ARTICLE 7
COVENANTS OF THE PARTIES

Section 7.1 **Access**.

(a) Upon execution of this Agreement until the Closing, Seller shall give Purchaser, its Affiliates and each of their respective officers, agents, accountants, attorneys, investment bankers, environmental consultants and other authorized representatives ("***Purchaser's Representatives***") reasonable access to the Records in Seller's possession and any Gathering System or Asset owned or operated by the Company or any Subsidiary, in each case during, as applicable, Seller's, the Company's and the Subsidiary's normal business hours, for the purpose of conducting a confirmatory review of the Gathering System or Asset, in each case to the extent that Seller may provide such access without (i) violating applicable Laws or breaching any Contracts, (ii) waiving any legal privilege of Seller, any of its Affiliates, or its counselors, attorneys, accountants, or consultants, or (iii) violating any obligations to any Third Party. Such access shall be granted to Purchaser on the premises of the Gathering System or Asset that are operated by the Company or any Subsidiary. All investigations and due diligence conducted by Purchaser or any of Purchaser's Representatives with respect to the Gathering System or Asset shall be conducted at Purchaser's sole cost, risk and expense and any conclusions made from any examination done by Purchaser or any of Purchaser's Representatives shall result from Purchaser's own independent review and judgment. Seller, the Company or any of their designees shall have the right to accompany Purchaser and Purchaser's Representatives whenever they are on site on the Gathering System. Purchaser's investigation and review shall be conducted in a manner that minimizes interference with the ownership or operation of the Gathering System or the Business. Prior to Closing, Purchaser and Purchaser's Representatives shall have the right to conduct one or more determinations of the volumes of Inventory in the Gathering System at Purchaser's sole cost and expense and in accordance with standard industry practice. Purchaser's inspection right with respect to the environmental condition of the Gathering System or Asset shall be limited to conducting a Phase I Environmental Site Assessment in accordance with the American Society for Testing and Materials (A.S.T.M.) Standard Practice Environmental Site Assessments: Phase I Environmental Site Assessment Process (Publication Designation: E1527-13), which may include, in addition, environmental compliance reviews, or a similar visual assessment that does not include sampling or testing of any environmental media ("***Phase I***"). Purchaser shall not be entitled to conduct any Phase II Environmental Site Assessments similar to A.S.T.M. Standard Practice Environmental Site Assessments: Phase II Environmental Site Assessment Process (Publication Designation: E1903-11), or any other invasive or intrusive testing, or sampling on or relating to the Gathering System ("***Phase II***"), without the prior written consent of Seller, such consent to be granted, conditioned, or withheld at the sole discretion of Seller. If permitted, Purchaser shall furnish to Seller and the Company, free of costs and without warranty, a copy of all draft and final reports and test results prepared by or for Purchaser related to Purchaser's diligence and investigation of the Gathering System or Asset, including any and all Phase I, Phase II, or further environmental assessments relating to any of the Gathering System as soon as reasonably possible after such report is prepared. Purchaser shall obtain from any applicable Governmental Authorities and Third Parties all permits necessary or required to conduct any approved invasive activities permitted by Seller. Seller shall have the right, at its option, to split with Purchaser any samples collected pursuant to approved invasive activities. If the Closing does not occur, Purchaser (1) shall promptly return to Seller or destroy all copies of the Records, reports, summaries, evaluations, due diligence memos and derivative materials related thereto in

the possession or control of Purchaser or any of Purchaser's Representatives and (2) shall keep and shall cause each of Purchaser's Representatives to keep, any and all information obtained by or on behalf of Purchaser confidential, except, in each case, as otherwise required by Law. No investigation by Purchaser shall operate as a waiver of or otherwise effect any representation, warranty, covenant or agreement of Seller hereunder.

(b) Purchaser may not contact customers or potential customers of the Company or any of its Subsidiaries with respect to their relationship with the Company and the Subsidiaries without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Purchaser agrees to indemnify, defend and hold harmless each member of the Seller Group and all such Persons' stockholders, members, managers, officers, directors, employees, agents, lenders, advisors, representatives, accountants, attorneys and consultants from and against any and all Damages (including court costs and reasonable attorneys' fees), including Damages attributable to, arising out of or relating to access to the Records, any offices of Seller, or the Assets prior to the Closing by Purchaser or any of Purchaser's Representatives, **EVEN IF SUCH CLAIMS, DAMAGES, LIABILITIES, OBLIGATIONS, LOSSES, COSTS AND EXPENSES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY MEMBER OF THE SELLER GROUP**.

(d) Upon completion of Purchaser's due diligence, Purchaser shall, at its sole cost and expense and without any cost or expense to Seller, Company or any of their respective Affiliates, (i) repair all damage done to the Assets in connection with Purchaser's due diligence, (ii) restore the Assets to the approximate same or better condition than they were prior to commencement of Purchaser's due diligence, and (iii) remove all equipment, tools, or other property brought onto the Assets in connection with Purchaser's due diligence. Any disturbance to the Assets (including the leasehold associated therewith) resulting from Purchaser's due diligence shall be promptly corrected by Purchaser.

(e) During all periods that Purchaser or any of Purchaser's Representatives are on the Assets, Seller's premises or Company's premises, Purchaser shall maintain, at its sole expense and with insurers reasonably satisfactory to Seller, policies of insurance of the types and in the amounts reasonably requested by Seller. Coverage under all insurance required to be carried by Purchaser hereunder shall (i) be primary insurance, (ii) list the members of the Seller Group as additional insureds, (iii) waive subrogation against the members of the Seller Group and (iv) provide, to the extent available, for five (5) days prior notice to Seller in the event of cancellation or modification of the policy or reduction in coverage. Upon request by Seller, Purchaser shall provide evidence of such insurance to Seller prior to entering the Assets or premises of Seller, the Company or any of their respective Affiliates.

(f) Purchaser understands that Seller has had discussions with the management of the Company and its Subsidiaries regarding other bids for the Company, the Subsidiaries and/or the Assets and the preparation and negotiation of this Agreement, the Schedules hereto and the other documents contemplated herein, and that, (i) except to the extent discovery rules would otherwise permit review of such information by Purchaser or the Company if such information were in the possession of Seller, and (ii) excluding information related to this Agreement (including the

representations and warranties and covenants set forth herein and the Schedules and Exhibits attached hereto), (A) Purchaser and the Company shall not be entitled to use in connection with any disputes against Seller or the Company and its Subsidiaries (before or after Closing) any of Seller's or the Company's internal drafts of this Agreement, copies of (or other information regarding) other bids for the Company and its Subsidiaries, or emails or other written information (including in electronic form) relating to any of the foregoing or to the sales process (whether or not related to the Purchaser's bid or other bids for the Company and its Subsidiaries) and (B) each of the Purchaser and the Company hereby agree that (1) it shall not have any rights to any such information and (2) it shall not request any of the Company or its Subsidiaries, their management to provide to any such information.

Section 7.2 **Operation of Business**.

(a) From the Execution Date until the Closing, except as expressly contemplated by this Agreement or as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned), Seller shall not (i) transfer, sell, hypothecate, encumber, novate, or otherwise dispose of or agree or offer to agree to any of the foregoing with respect to any of the Subject Securities; and (ii) not consent to, amend or adopt any change to any Governing Documents of the Company that could be reasonably be expected to have an adverse effect on Purchaser's ability to own and operate the Company and its Subsidiaries after Closing.

(b) From the Execution Date until the Closing, except (w) as required by the terms of any Material Contract, (x) as set forth in Schedule 7.2, (y) for the operations covered by the capital commitments described in Schedule 4.14, and (z) as expressly contemplated by this Agreement or as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned), Seller shall vote its Subject Securities and use commercially reasonably efforts to cause the Company and its Subsidiaries to:

(i) not, directly or indirectly (through any merger, consolidation, reorganization, issuance of Securities or rights, or otherwise), sell, assign, transfer, convey, lease, abandon, hypothecate or otherwise dispose of, or subject to any Liens (other than Permitted Encumbrances incurred in the ordinary course of business, consistent with past practice), any Assets, except for (A) sales and dispositions of Hydrocarbons in the ordinary course of business consistent with past practice; (B) sales and dispositions of equipment and materials that are surplus, obsolete or replaced; or (C) other individual sales and dispositions individually not exceeding Two Hundred Fifty Thousand Dollars ($250,000.00);

(ii) (A) not enter into, execute, terminate (other than terminations based on the expiration without any affirmative action by Seller), novate, materially amend, or extend and (B) perform all of its obligations under, any Material Contracts;

(iii) use commercially reasonable efforts to maintain all material governmental permits and approvals held by Company affecting the Assets;

(iv) not declare, issue, pay or make any dividend or distribution to the holders of Securities of the Company, or set aside any funds for the purpose thereof;

(v) maintain insurance coverage on the Company, the Subsidiaries and the Business in the amounts and of the types currently in force;

(vi) not make a Securities investment in any other Person;

(vii) not acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of or otherwise acquire any business of, or acquire any Securities in, or make capital contribution to or any investment in, any Person or division thereof (other than any Subsidiary);

(viii) not split, combine or reclassify any of its outstanding Securities;

(ix) not adopt a plan or agreement of complete or partial liquidation, dissolution or wind-up of Company or any Subsidiary;

(x) conduct the Business in the ordinary course consistent with past practices;

(xi) not make any capital expenditures: (A) during the time period covered by Schedule 4.14 or Schedule 7.2(b)(xi), as applicable, in excess of the amounts reflected and set forth on such applicable Schedule *plus* a variance of ten percent (10%) in excess of such amounts; or (B) after the time period covered by Schedule 4.14 or Schedule 7.2(b)(xi), as applicable, unless such capital expenditures are incurred in the ordinary course of conducting the Business;

(xii) not incur any indebtedness for borrowed money other than indebtedness incurred as necessary to fund operating cash shortfalls or capital expenditures pursuant to Section 7.2(b)(xi); and

(xiii) not agree or commit to do any of the foregoing.

(c) Purchaser's approval of any action restricted by this Section 7.2 shall not be unreasonably withheld or delayed and shall be considered granted within ten (10) days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller to the contrary during that period. Notwithstanding the foregoing provisions of this Section 7.2, Seller shall not be in breach of this Section 7.2 (i) if, notwithstanding Seller's vote under the LLC Agreement of the Subject Securities to the contrary, the Company or any of its Subsidiaries take any of the actions set forth in this Section 7.2 without the consent of Purchaser, or (ii) in the event of an emergency or risk of loss, damage, or injury to any Person, property or the environment or as otherwise required by Law, Seller may take such actions as are reasonably necessary to address such emergency, risk or requirements and shall notify Purchaser of such action promptly thereafter. Requests for approval of any action restricted by this Section 7.2 shall be delivered to the following individual, who shall have full authority to grant or deny such requests for approval on behalf of Purchaser:

Plains Pipeline, L.P.
c/o Plains All American Pipeline, L.P.
333 Clay Street
Suite 1600
Houston, Texas 77002
Attn: Jeremy Goebel
Email: JLGoebel@paalp.com

Section 7.3 **Casualty and Condemnation**. Notwithstanding anything herein to the contrary from and after the Effective Time, if Closing occurs, Purchaser shall assume all risk of loss with respect to the depreciation of the Assets due to ordinary wear and tear, in each case, with respect to the Assets. If, after the Execution Date but prior to or on the Closing Date, any portion of the Assets are destroyed by fire, explosion, wild well, hurricane, storm, weather events, earthquake, act of nature, civil unrest, or similar disorder, terrorist acts, war, or any other hostilities or other casualty or is expropriated or taken in condemnation or under right of eminent domain (each a "***Casualty Loss***"), Purchaser and Seller shall, subject to the satisfaction (or waiver) of the conditions to Closing set forth in Section 8.1 and Section 8.2, nevertheless be required to proceed with Closing.

Section 7.4 **Closing Efforts and Further Assurances; Non-Solicitation**.

(a) Each Party agrees that from and after the Execution Date, it will not voluntarily undertake any course of action inconsistent with the provisions or intent of this Agreement, and will use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all actions reasonably necessary, proper, or advisable under applicable Laws to cause the closing conditions hereunder to be satisfied and to consummate the transaction contemplated hereunder, including (i) using its commercially reasonable efforts to cooperate with the other Party to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the transaction contemplated hereunder, (ii) executing any additional instruments and agreements necessary to consummate the transactions contemplated by this Agreement and (iii) using commercially reasonable efforts to facilitate the closing of the transactions contemplated by the Class B Purchase Agreement.

(b) Seller shall not, and shall not authorize or permit any of its Affiliates (including the Company or its Subsidiaries) or any of its or their representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller shall immediately cease and cause to be terminated, and shall cause its Affiliates (including the Company or its Subsidiaries) and all of its and their representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "***Acquisition Proposal***" shall mean any inquiry, proposal or offer from any Person (other than Purchaser or any of its Affiliates) concerning (A) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company; (B) the issuance or acquisition of shares of capital stock or other equity Securities of the Company; or (C) the sale, lease, exchange or other disposition of any significant portion of the Company's properties or Assets. Seller agrees that the rights and remedies for noncompliance with this Section 7.4(b) shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Purchaser and that money damages would not provide an adequate remedy to Purchaser.

Section 7.5 **Notifications**. Purchaser shall notify Seller promptly after a discovery by Purchaser that any representation or warranty of Seller contained in this Agreement is, becomes, or will be untrue in any material respect on or before the Closing Date. Seller shall notify Purchaser promptly after a discovery by Seller that any representation or warranty of Purchaser contained in this Agreement is, becomes, or will be untrue in any material respect on or before the Closing Date. It is understood and agreed that the delivery of any notice required under this Section 7.5 shall not in any manner constitute a waiver by any Party of any conditions precedent to the Closing hereunder.

Section 7.6 **Amendment of Disclosure Schedules**. Purchaser agrees that, with respect to the representations and warranties of Seller contained in this Agreement, Seller shall have the continuing right until the tenth (10^{th}) day prior to Closing to add, supplement, or amend the Disclosure Schedules to the representations and warranties of Seller with respect to any matter hereafter arising or discovered which, if existing or known at the Execution Date or thereafter, would have been required to be set forth or described in such Schedules. For all purposes of this Agreement, including for purposes of determining whether the conditions set forth in Section 8.2 have been fulfilled, the Disclosure Schedules attached to this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement, or amendment thereto; *provided*, *however*, that if the Closing shall occur, then all matters disclosed pursuant to any such addition, supplement, or amendment at or prior to the Closing shall be deemed to have been included in the Disclosure Schedules for the purposes of any claims made by Purchaser under this Agreement.

Section 7.7 **Government Reviews**.

(a) From and after the Execution Date until the Closing, subject to the terms and conditions of this Agreement, each of Purchaser and Seller shall, and shall cause their respective Affiliates to, undertake commercially reasonable efforts to make or cause to be made promptly (and, in the case of filings required to be made pursuant to the HSR Act, not later than January 30, 2017) the filings required of such Party or any of its Affiliates under any Laws with respect to the transactions contemplated by this Agreement and to pay any fees due of it in connection with such filings; *provided*, *however*, that all filing fees payable to any Governmental Authorities relating to filings required to be made pursuant to the HSR Act shall be paid and borne by Purchaser. In furtherance and not in limitation of the foregoing, each of Purchaser and Seller shall, to the extent permissible by Law, (i) cooperate with the other Party and furnish to the other Party all information in such Party's possession that is necessary in connection with such other Party's filings; (ii) promptly inform the other Party of, and supply to such other Party copies of, any communication (or other correspondence or memoranda) from or to, and any proposed understanding or agreement with, any Governmental Authority in respect of such filings; (iii) consult and cooperate with the other Party and provide each other with a reasonable opportunity to provide comments in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and opinions made or submitted by or on behalf of any Party in connection with all meetings, actions and proceedings with any Governmental Authority relating to such filings; and (iv) comply, as promptly as is reasonably practicable, with any requests received by such Party or any of its Affiliates under the HSR Act and any other Laws for additional information, documents, or other materials. If a Party intends to participate in any communication or meeting with any Governmental Authority with respect to such filings, it shall give the other Party reasonable notice of, and to the extent permitted by the Governmental Authority, an opportunity to participate in any such meeting or communication. Seller and Purchaser shall jointly determine any strategy or tactic in complying with this Section 7.7,

including Section 7.7(b). Notwithstanding the foregoing, Seller shall not be required to provide Purchaser with any Excluded Records and no Party shall be required to provide the other Party with competitively sensitive information, including information regarding the value of the transaction or information subject to any legal privilege, attorney client privilege, work product doctrine, or other similar privilege absent entering into a mutually acceptable joint defense agreement.

(b) Purchaser shall, and shall cause its Affiliates to, use commercially reasonable efforts to (i) cause the expiration or early termination of the applicable waiting period under the HSR Act and any other Antitrust Laws with respect to the transactions contemplated by this Agreement as promptly as is practicable but in no event later than the Termination Date; and (ii) resolve any objection or assertion by any Governmental Authority or any action or proceeding by any Governmental Authority or other Person, whether by judicial or administrative action, challenging this Agreement or the consummation of the transactions contemplated by this Agreement or the performance of obligations hereunder so as to enable the Closing to occur as soon as reasonably practicable (and in any event not later than the Termination Date), *provided* that Purchaser shall not be required to agree to divest or hold separate any of the business, services or assets of Purchaser or any of its Affiliates or the Gathering System. Purchaser shall, and shall cause its Affiliates to use commercially reasonable efforts to contest and resist any action or proceeding instituted (or threatened in writing to be instituted) by any Governmental Authority challenging the transactions contemplated by this Agreement as in violation of any Law; *provided*, that Purchaser shall not be required to contest or resist such action or proceeding if the Parties reasonably expect that Purchaser would incur costs and expenses in excess of Three Million Dollars ($3,000,000.00) in connection therewith. Notwithstanding the foregoing or anything in this Agreement to the contrary, in no event shall Purchaser or any of its Affiliates be required to commit to take any action pursuant to this Section 7.7(b) the consummation of which is not conditioned on the Closing of the transaction contemplated by this Agreement.

Section 7.8 **Liability for Brokers' Fees**. Each Party hereby agrees to indemnify, defend and hold harmless the other Party, any Affiliate of such other Party, and all such other Party's stockholders, members, officers, directors, employees, agents, lenders, advisors, representatives, accountants, attorneys and consultants from and against any and all claims, obligations, damages, liabilities, losses, costs and expenses (including court costs and reasonable attorneys' fees) arising as a result of undertakings or agreements of any such indemnifying Party prior to Closing, for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation to an intermediary in connection with the negotiation, execution or delivery of this Agreement or any agreement or document contemplated hereunder.

Section 7.9 **Press Releases**. From and after the Execution Date, each Party shall not make, and shall cause each of their respective Affiliates not to make, any press release or public disclosure regarding the existence of this Agreement, the contents hereof or the transactions contemplated hereby, or the identities of any Parties hereto without the prior written consent of the other Party; *provided*, *however*, the foregoing shall not restrict disclosures by a Party or any of its Affiliates (a) to the extent that such disclosures are required by applicable securities or other Laws or the applicable rules of any stock exchange having jurisdiction over such Party or Affiliate of such Party, (b) to Governmental Authorities or any Third Party holding preferential rights to purchase, rights of consent, or other rights that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to provide notices, seek waivers, amendments, or terminations of such rights, or seek such consents, or (c) in connection with customary rating agency, investor and analyst presentations, meetings and conference calls of such Party or its Affiliates. Each Party shall be liable for the compliance of its Affiliates with the terms of this Section 7.9.

Section 7.10 **Expenses; Filings, Certain Governmental Approvals and Removal of Names**. Except as otherwise expressly provided in this Agreement, all expenses incurred by Seller in connection with or related to the authorization, preparation, or execution of this Agreement, and the Exhibits and Schedules hereto and thereto, and all other matters related to the Closing, including all fees and expenses of counsel, accountants and financial advisers employed by Seller, shall be borne solely and entirely by Seller, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

Section 7.11 **Records**. Seller may retain, at Seller's sole cost and expense, copies of any and all Records. Purchaser shall preserve and keep a copy of all Records in Purchaser's or the Company's possession for a period of at least four (4) years after the Closing Date. After such four (4) year period, before Purchaser shall dispose of any such Records, Purchaser shall give Seller at least ninety (90) days' Notice to such effect, and Seller shall be given an opportunity, at Seller's cost and expense, to remove and retain all or any part of such Records as Seller may select. From and after Closing, Purchaser shall provide to Seller, at Seller's cost and expense, reasonable access to such books and records as remain in Purchaser's possession and reasonable access to the Assets and other properties and employees of Purchaser in connection with matters relating to the ownership or operations of the Assets on or before the Closing Date, or any claims or disputes relating to this Agreement or with any Third Parties, upon reasonable prior notice during normal business hours.

Section 7.12 **Indemnification; Directors' and Officers' Insurance**.

(a) Purchaser agrees that all rights to indemnification for acts or omissions occurring prior to the Closing Date in favor of the current or former managers, directors, officers, partners, members, employees, agents and fiduciaries of the Company (collectively, the "***Company Indemnitees***") as provided as of the date hereof in the respective organizational documents of the Company shall survive the transactions contemplated by this Agreement and shall continue in full force and effect in accordance with their terms for a period of not less than four (4) years from the Closing Date. Purchaser shall not, and shall cause its respective Affiliates (including the Company after the Closing) not to repeal or amend such arrangements in any manner that would adversely affect the rights of the Company Indemnitees thereunder.

(b) In the event that Purchaser or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, in each such case, to the extent such assumption does not occur by operation of Law, proper provisions shall be made so that the successors and assigns of Purchaser shall assume the obligations set forth in Section 7.12(a). The provisions of this Section 7.12 are intended to be for the benefit of, and shall be enforceable by, the Parties and each Person entitled to indemnification or expense advancement pursuant to this Section 7.12, and his or its heirs and representatives.

(c) The obligations of Purchaser under this Section 7.12 shall not be terminated or modified in such a manner as to adversely affect any Company Indemnitee to whom this Section 7.12 applies without the consent of such Company Indemnitee so adversely affected.

Section 7.13 **Credit Facility Indebtedness**. Prior to or at the Closing, Seller shall (a) payoff, or cause the Company to payoff, all Credit Facility Indebtedness and any other Indebtedness of the Company for borrowed money and (b) negotiate and obtain, or cause the Company to negotiate and obtain, (i) releases of all Liens securing Credit Facility Indebtedness and any other Indebtedness of the Company for borrowed money that are burdening the Company Securities and the Assets, (ii) authorizations to file UCC-3 termination statements releases in all applicable jurisdictions to evidence the release of Liens securing Credit Facility Indebtedness and any other Indebtedness of the Company for borrowed money that are burdening the Company Securities and the Assets, and (iii) all instruments and agreements to effect and file of record the release of all Liens securing Credit Facility Indebtedness and any other Indebtedness of the Company for borrowed money that are burdening the Company Securities and the Assets.

Section 7.14 **Call Option Exercise**. Notwithstanding anything to the contrary in this Agreement or the Class B Purchase Agreement, prior to the Closing, Seller may, in its sole and absolute discretion (and Seller hereby expressly reserves all of its rights under the LLC Agreement to), exercise its rights under Section 5.3 of the LLC Agreement to purchase, or cause the Company to purchase, all of the Class B Securities (such exercise, a "***Call Option Exercise***"). The Parties acknowledge and agree that the Class B Purchase Agreement provides that, in the event of a Call Option Exercise, the Class B Purchase Agreement shall automatically terminate in accordance with the terms thereof and all references herein to Subject Securities shall automatically be deemed to refer to the Company Securities.

Section 7.15 **Title Curative and Restoration Matters**. Beginning on the Execution Date and continuing until the Title Curative Deadline, Seller shall, at its sole cost and expense (but solely for the time period beginning on the Closing Date and ending on the Title Curative Deadline) in consultation with Purchaser and Frontier (on a weekly or such other basis as may be agreed between Purchaser and Frontier) and in compliance with all applicable Laws and Contracts, use commercially reasonable efforts to complete, or cause Frontier to complete (a) the title curative actions set forth on Schedule 7.15 and (b) any restoration work presently required as of the Execution Date under the terms of any Right of Way or applicable Law; *provided, however*, without limiting Purchaser's rights under Article 11 or Section 12.2(b)(i) with respect to any breaches of the representations and warranties of Seller, (x) the failure of any Person to complete or obtain any such curative actions or restoration work shall not constitute a failure of the condition to Closing set forth in Section 8.2(b) and (y) if any of the curative actions set forth on Schedule 7.15 remain uncured or any such restoration work remains unperformed as of the Title Curative Deadline, then Purchaser shall be entitled to seek all rights and remedies under Article 12 with respect to any breaches of Seller's representations and warranties herein; *provided*, *however*, that the existence of such curative matters or restoration work on any Schedule shall be disregarded from such Schedule for the purpose of determining the existence of the occurrence of a breach of the representation and warranty to which such Schedule relates. For the avoidance of doubt, (A) any fees, costs or expenses incurred by the Company or its Subsidiaries after the Execution Date and on or before the Closing Date with respect to the title curative actions or restoration work under this Section 7.15 shall constitute Transaction Costs and (B) after Closing, neither Company Group nor Purchaser shall have any responsibility or obligation hereunder to reimburse Seller, Frontier or any of their respective Affiliates for any amounts incurred by any Seller, Frontier or any of their respective Affiliates in connection with the performance of any of their obligations under this Section 7.15 or Section 7.15 of the Class B Purchase Agreement.

Section 7.16 **Class B Purchase Agreement**. Purchaser shall perform and observe, in all material respects, all covenants and agreements required to be performed or observed by Purchaser under the Class B Purchase Agreement prior to or on the Closing Date.

Section 7.17 **Participation Rights**. From and after the Closing, the Parties agree to be bound by and perform the Participation Rights in accordance with the terms of, and for the period, set forth therein.

ARTICLE 8
CONDITIONS TO CLOSING

Section 8.1 **Conditions of Seller to Closing**. The obligations of Seller to consummate the transactions contemplated by this Agreement (except for the obligations of Seller to be performed prior to the Closing and obligations that survive termination of this Agreement), including the obligations of Seller to consummate the Closing, are subject, at the option of Seller, to the satisfaction on or prior to Closing of each of the conditions set forth in this Section 8.1, unless waived in writing by Seller:

(a) Representations. The representations and warranties of Purchaser set forth in Article 5 shall be true and correct in all material respects as of the Execution Date and as of the Closing Date, as though made on and as of the Closing Date (other than representations and

warranties that refer to a specified date, which need only be true and correct in all material respects on and as of such specified date).

(b) Performance. Purchaser shall have performed and observed, in all material respects, all covenants and agreements to be performed or observed by Purchaser under this Agreement prior to or on the Closing Date.

(c) No Action. On the Closing Date, no injunction, order, or award restraining, enjoining, or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Seller or any Affiliate of Seller) shall be pending before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial damages from Seller.

(d) HSR Act. The waiting period under the HSR Act has expired or terminated, or early termination of the waiting period shall have been granted.

(e) Closing Deliverables. Purchaser shall (i) have delivered to Seller the Purchaser Certificate and (ii) be ready, willing, and able to deliver to Seller at the Closing the other documents and items required to be delivered by Purchaser under Section 9.3.

(f) Class B Purchase Agreement; Call Option Exercise. All conditions precedent to the consummation of the transactions contemplated by the Class B Purchase Agreement (other than the payment by Purchaser of the Class B Purchase Price as the purchase price thereunder) shall be satisfied or waived by Frontier or Purchaser, as applicable, and both Purchaser and Frontier shall be ready, willing and able to consummate such transactions upon the payment by Purchaser of the Class B Purchase Price, *provided*, *however*, that if the Class B Purchase Agreement is terminated in connection with (and as a result of) a Call Option Exercise, then the condition set forth in this Section 8.1(f) shall be deemed to be satisfied upon the consummation of the transactions contemplated by Section 5.3 of the LLC Agreement.

Section 8.2 **Conditions of Purchaser to Closing**. The obligations of Purchaser to consummate the transactions contemplated by this Agreement (except for the obligations of Purchaser to be performed prior to the Closing and obligations that survive termination of this Agreement), including the obligations of Purchaser to consummate the Closing, are subject, at the option of Purchaser, to the satisfaction on or prior to Closing of each of the conditions set forth in this Section 8.2, unless waived in writing by Purchaser:

(a) Representations. Each representation and warranty of Seller set forth in Article 3 and Article 4 shall be true and correct in all respects (without regard to any Material Adverse Effect or other materiality qualifier) as of the Execution Date and as of the Closing Date as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except to the extent the failure of any such representation or warranty to be true and correct does not result in a Material Adverse Effect.

(b) Performance. Seller shall have performed and observed, in all material respects, each covenant and agreement to be performed or observed by Seller under this Agreement prior to or on the Closing Date.

(c) No Action. On the Closing Date, no injunction, order, or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial damages in connection therewith, shall have been issued and remain in force, and no suit, action, or other proceeding (excluding any such matter initiated by Purchaser or any Affiliate of Purchaser) shall be pending before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial damages from Purchaser.

(d) HSR Act. The waiting period under the HSR Act has expired or terminated, or early termination of the waiting period shall have been granted.

(e) Closing Deliverables. Seller shall (i) have delivered to Purchaser the Seller Certificate and (ii) be ready, willing, and able to deliver to Purchaser at the Closing the other documents and items required to be delivered by Seller under Section 9.2.

(f) Class B Purchase Agreement; Call Option Exercise. All conditions precedent to the consummation of the transactions contemplated by the Class B Purchase Agreement (other than the payment by Purchaser of the Class B Purchase Price as the purchase price thereunder) shall be satisfied or waived by Frontier or Purchaser, as applicable, and both Purchaser and Frontier shall be ready, willing and able to consummate such transactions upon the payment by Purchaser of the Class B Purchase Price; *provided, however*, that if the Class B Purchase Agreement is terminated in connection with (and as a result of) a Call Option Exercise, then the condition set forth in this Section 8.2(f) shall be deemed to be satisfied upon the consummation of the transactions contemplated by Section 5.3 of the LLC Agreement.

ARTICLE 9
CLOSING

Section 9.1 **Time and Place of Closing**. The consummation of the purchase and sale of the Subject Securities contemplated by this Agreement (the "***Closing***") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Vinson & Elkins LLP located at 1001 Fannin, Suite 2500, Houston, Texas 77002-6760 at 10:00 a.m., Central Standard Time, on the date that is five (5) Business Days after the HSR Clearance Date, or if all conditions in Article 8 required to be satisfied prior to Closing have not yet been satisfied or waived, as soon thereafter as such conditions have been satisfied or waived, subject to the provisions of Article 11. The date on which the Closing occurs is referred to herein as the "***Closing Date***". All actions to be taken and all documents and instruments to be executed and delivered at Closing shall be deemed to have been taken, executed and delivered simultaneously and, except as permitted hereunder, no actions shall be deemed taken nor any document and instruments executed or delivered until all actions have been taken and all documents and instruments have been executed and delivered.

Section 9.2 **Obligations of Seller at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Purchaser of its obligations pursuant to Section 9.3, Seller shall deliver or cause to be delivered to Purchaser, the following:

(a) The Preliminary Settlement Statement, duly executed by Seller, in accordance with Section 2.5(a);

(b) Assignment of the Subject Securities in the form attached hereto as Exhibit B (the "***Assignment***"), duly executed by Seller;

(c) A certificate of non-foreign status that meets the requirements set forth in Treasury Regulations Section 1.1445-2(b)(2) in the form attached hereto as Exhibit C, duly executed by the applicable officer of Seller (or, if Seller is disregarded as separate from another Person, then the applicable officer of such Person);

(d) A certificate duly executed by an authorized officer of Seller, dated as of the Closing, certifying on behalf of Seller that the conditions set forth in Section 8.2(a) and Section 8.2(b) have been fulfilled (the "***Seller Certificate***");

(e) The resignation or removal (effective as of Closing) of managers, officers and directors, as applicable, nominated or appointed by Seller or its Affiliates to any board or operating, management or other committee of the Company and the Subsidiaries;

(f) (i) Releases of all Liens securing Credit Facility Indebtedness or any other Indebtedness of the Company for borrowed money that are burdening the Company Securities and the Assets, (ii) authorizations to file UCC-3 termination statements releases in all applicable jurisdictions to evidence the release of all Liens securing Credit Facility Indebtedness or any other Indebtedness of the Company for borrowed money that are burdening the Company Securities and the Assets and (iii) all instruments and agreements reasonably required to effect and file of record the release of all Liens securing Credit Facility Indebtedness or Indebtedness of the Company for borrowed money that are burdening the Company Securities and the Assets;

(g) Evidence of the payment in full of all Credit Facility Indebtedness and any other Indebtedness of the Company for borrowed money outstanding as of the Effective Time;

(h) The Dedication Agreement Amendment, duly executed by the parties thereto;

(i) Management Agreement Termination, duly executed by Seller and each member of the Company Group that is party to the Management Agreement and effective as of the Closing Date; *provided*, *however*, that in the event of a Call Option Exercise, Seller shall not be obligated to execute and deliver the Management Agreement Termination;

(j) The Limited Guarantee, duly executed by Seller; *provided*, *however*, that in the event of a Call Option Exercise, Seller shall not be obligated to execute and deliver the Limited Guarantee;

(k) Complete and accurate copies of any Consents listed on Schedule 3.4 or Schedule 4.2, duly executed by the applicable Persons holding such Consents rights; and

(l) All other documents and instruments reasonably requested by Purchaser from Seller that are necessary to transfer the Subject Securities to Purchaser and to consummate any other transactions contemplated by this Agreement.

Section 9.3 **Obligations of Purchaser at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of its obligations pursuant to Section 9.2, Purchaser shall deliver or cause to be delivered to Seller, among other things, the following:

(a) The Preliminary Settlement Statement, duly executed by Purchaser, in accordance with Section 2.5(a);

(b) A wire transfer of the Closing Payment in same-day funds to the Persons and accounts designated in the Preliminary Settlement Statement described in Section 2.5(a);

(c) The Assignment, duly executed by Purchaser;

(d) A certificate, duly executed by an authorized officer of Purchaser, dated as of the Closing, certifying on behalf of Purchaser that the conditions set forth in Section 8.2(a) and Section 8.2(b) have been fulfilled (the "***Purchaser Certificate***"); and

(e) The Limited Guarantee, duly executed by Purchaser; *provided*, *however*, that in the event of a Call Option Exercise, Purchaser shall not be obligated to execute and deliver the Limited Guarantee; and

(f) All other documents and instruments reasonably requested by Seller from Purchaser that are necessary to transfer the Subject Securities to Purchaser and to consummate any other transactions contemplated by this Agreement.

ARTICLE 10
TAX MATTERS

Section 10.1 **Transfer Taxes**. Purchaser shall bear and pay any sales, use, transfer, stamp, documentary, registration, excise, or similar Taxes incurred or imposed with respect to the transactions described in this Agreement ("***Transfer Taxes***"). Seller and Purchaser shall reasonably cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any Transfer Taxes.

Section 10.2 **Tax Returns**.

(a) If the Call Option Exercise occurs, Seller shall prepare or cause to be prepared and timely file or cause to be timely filed (i) all U.S. federal income Tax Returns of the Company (and related Schedules K-1) required to be filed after the Closing Date for any Tax period ending on or prior to the Closing Date and (ii) any Tax Returns (other than the Tax Returns described in clause (i) above) of the Company or any of its Subsidiaries for income Taxes that are imposed on a "flow-through" basis and required to be filed after the Closing Date for Tax periods ending on or prior to the Closing Date. If the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to prepare or cause to be prepared and timely file or cause to be timely filed all such Tax Returns. If the Call Option Exercise occurs, such Tax Returns shall be

prepared on a basis consistent with past practice except to the extent (i) otherwise required by applicable Laws or (ii) any deviation from past practice is not reasonably expected to adversely affect Purchaser, *provided* that if the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to prepare such Tax Returns on such basis. At least thirty (30) days prior to the due date for filing the U.S. federal income Tax Return of the Company for the period ending on the Closing Date, Seller shall (or, if the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to) deliver a draft of such Tax Return, together with all supporting documentation and workpapers, to Purchaser for its review and comment. If Purchaser has any reasonable comments to such Tax Return, Purchaser shall, at least ten (10) days prior to the due date for filing such Tax Return, notify Seller of any such reasonable comments in writing, and Seller will cause such Tax Return (as revised to incorporate Purchaser's reasonable comments) to be timely filed and will provide a copy thereof to Purchaser, *provided* that if the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to incorporate Purchaser's reasonable comments in such Tax Return and to timely file such Tax Return and provide a copy thereof to Purchaser.

(b) If the Call Option Exercise occurs, Seller shall prepare or cause to be prepared all Tax Returns of the Company and its Subsidiaries (other than the Tax Returns set forth in Section 10.2(a)) for all Pre-Effective Time Periods that are required to be filed after the Closing Date, and if the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to prepare or cause to be prepared all such Tax Returns. If the Call Option Exercise occurs, such Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by applicable Laws; *provided* that if the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to prepare such Tax Returns on such basis. At least thirty (30) days prior to the due date for filing any such Tax Return (other than any such Tax Return required to be filed contemporaneously with, or promptly after, the close of a Tax period), Seller shall (or, if the Call Option Exercise does not occur, Seller shall use commercially reasonable efforts to cause Frontier to) deliver a draft of each such Tax Return, together with all supporting documentation and workpapers, to Purchaser for its review and comment. If Purchaser has any reasonable comments to such Tax Return, Purchaser shall, at least ten (10) days prior to the due date for filing such Tax Return, notify Seller of any such reasonable comments in writing, and Purchaser will cause such Tax Return (as revised to incorporate Purchaser's reasonable comments) to be timely filed and will provide a copy thereof to Seller.

(c) Within three (3) days prior to the due date for filing of any Tax Return covered by Section 10.2(b) Seller shall pay to Purchaser the Seller Share of the amount of Taxes shown on such Tax Return that are Seller Taxes.

Section 10.3 **Straddle Period Taxes**. In the case of Taxes that are payable with respect to any Straddle Period, the portion of any such Taxes that is attributable to the portion of such Straddle Period ending before the Effective Time shall be:

(a) in the case of Taxes that are either (i) based upon or related to income or receipts, or (ii) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount that would be payable if the Tax period of the Company and its Subsidiaries ended immediately before the Effective Time; *provided* that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending immediately before the Effective Time and the period beginning at the Effective Time in proportion to the number of days in each period; and

(b) in the case of Taxes that are imposed on a periodic basis with respect to the assets or capital of the Company or any Subsidiary, deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the portion of the period ending immediately before the Effective Time and the denominator of which is the number of calendar days in the entire period.

Section 10.4 **Cooperation**. Purchaser and Seller shall cooperate fully as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding (each a "***Tax Proceeding***") with respect to Taxes imposed on or with respect to the assets, operations or activities of the Company or any Subsidiary. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such Tax Return (including, for the avoidance of doubt, providing Purchaser with the U.S. federal income Tax Return of the Company, together with all supporting documentation and workpapers, for the Tax period ending on the Closing Date in order to provide Purchaser with the records and information reasonably necessary to prepare and file the Texas franchise Tax Return of the Company for the period beginning January 1, 2017, and ending on the Closing Date) or Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Notwithstanding the above, the control and conduct of any Tax Proceeding that is a Third Party Claim shall be governed by Section 12.5.

Section 10.5 **Amended Returns**. No amended Tax Return of the Company or any of its Subsidiaries with respect to a Pre-Effective Time Period or Straddle Period shall be filed by or on behalf of the Company or any of its Subsidiaries without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned, or delayed).

Section 10.6 **Tax Refunds**. The Seller Share of the amount of any refunds of Taxes of the Company and its Subsidiaries for any Pre-Effective Time Period received by Purchaser, the Company, or its Subsidiaries shall be for the account of Seller, except to the extent any such refund(a) was included as a Working Capital Asset in the final determination of Effective Time Working Capital, (b) results from the carryback of any net operating loss, credit, or other Tax attribute from any Tax period (or portion thereof) beginning after the Effective Time, or (c) is of Seller Taxes that are paid by Purchaser, any of its Affiliates, the Company, or any of its Subsidiaries after the Closing that have not been indemnified by Seller pursuant to Section 12.2(b)(iii). The amount of any refunds of Taxes of the Company and its Subsidiaries for any Tax period beginning after the Effective Time shall be for the account of Purchaser. The Seller Share of the amount of any refunds of Taxes of the Company and its Subsidiaries for any Straddle Period shall be equitably apportioned between Purchaser and Seller in accordance with the principles set forth in Section 10.3, except that no such refund shall be apportioned to Seller to the extent any such refund (i) was included as a Working Capital Asset in the final determination of Effective Time Working Capital, (ii) results from the carryback of any net operating loss, credit, or other Tax attribute from any Tax period (or portion thereof) beginning after the Closing Date, or (iii) is of Seller Taxes that are paid by Purchaser, any of its Affiliates, the Company, or any of its Subsidiaries after the Closing that have not been indemnified by Seller pursuant to Section 12.2(b)(iii). Each party shall forward, and shall cause its Affiliates to forward, to the party entitled to receive a refund of Tax pursuant to this Section 10.6 the amount of such refund within thirty (30) days after such refund is received, net of any reasonable third-party costs or expenses incurred by such party or its Affiliates in procuring such refund.

Section 10.7 **Section 754 Election**. If the Call Option Exercise does not occur, in accordance with Section 10.3(iv) of the LLC Agreement, Seller shall request in writing that the Company make an election under Section 754 of the Code on its U.S. federal income Tax Return (and to the extent applicable, any state or local Tax Return) that includes the Closing Date. If the Call Option Exercise occurs, as a protective matter, Seller shall cause the Company to make an election under Section 754 of the Code on the U.S. federal income tax return of the Company (and any similar or analogous election on any applicable state income Tax Return) for the Tax period ending on the date of Seller's purchase of all of the Class B Securities from Frontier.

ARTICLE 11
TERMINATION

Section 11.1 **Termination**. This Agreement may be terminated at any time prior to Closing (the date of any permitted termination of this Agreement under this Section 11.1, the "***Termination Date***"):

(a) by the mutual prior written consent of Seller and Purchaser;

(b) by Seller or Purchaser upon written notice to the other Party, if the condition to Closing set forth in Section 8.1(d) and Section 8.2(d) has been satisfied and Closing has not occurred for other reasons on or before one hundred and twenty (120) days after the Execution Date; or

(c) by Seller or Purchaser upon written notice to the other Party, if Closing has not occurred on or before July 1, 2017 solely as a result of the failure of the condition to Closing set forth in Section 8.1(d) and Section 8.2(d);

(d) *provided, however*, that (i) no Party shall be entitled to terminate this Agreement under (A) Section 11.1(b), or Section 11.1(c) if the Closing has failed to occur as a result of such Party's breach of this Agreement and such breaches resulted in the failure of any applicable condition to Closing of the other Party set forth in Article 8 (including the failure to perform the obligations of such Party with respect to Closing or the transactions contemplated hereunder if and when required) or (B) Section 11.1(b) if the Closing has not occurred solely as a result of the failure of the condition to Closing set forth in Section 8.1(d) and Section 8.2(d) and (ii) Purchaser shall not be entitled to terminate this Agreement under Section 11.1(b) if the Closing has failed to occur as a result of Purchaser's breach of the Class B Purchase Agreement and such breaches resulted in the failure of any applicable conditions to Closing of Purchaser set forth in Article 8 (including the failure to perform the obligations of such Party with respect to Closing or the transactions contemplated hereunder if and when required) or in Article 8 of the Class B Purchase Agreement (including the failure to perform the obligations of such Party with respect to closing or the transactions contemplated thereunder if and when required).

Section 11.2 **Effect of Termination**.

(a) If this Agreement is terminated pursuant to Section 11.1, this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, Section 2.3, Section 5.10, Article 6, Section 7.1(c), Section 7.1(d), Section 7.1(e), Section 7.9, Section 7.10, Article 11 and Article 13, all of which shall survive and continue in full force and effect indefinitely). The Confidentiality Agreement shall survive any termination of this Agreement.

(b) In the event that (i) all conditions precedent to the obligations of Seller set forth in Section 8.1 have been satisfied or waived in writing by Seller (or would have been satisfied except for the breach or failure of any of Seller's representations, warranties, or covenants hereunder) and (ii) the Closing has not occurred solely as a result of the breach or failure of Seller's representations, warranties, or covenants hereunder, including, if and when required, Seller's obligations to consummate the transactions contemplated hereunder at Closing and Purchaser terminates this Agreement pursuant to Section 11.1(a) or Section 11.1(b), then Purchaser shall be entitled to either of the following remedies as the sole and exclusive remedy of the Purchaser Group against any member of the Seller Group for the failure to consummate the transactions contemplated hereunder at Closing, to (A) enforce and cause specific performance of this Agreement, or (B) terminate this Agreement and receive the entirety of the Deposit for the sole account and use of Purchaser.

(c) In the event that (i) all conditions precedent to the obligations of Purchaser set forth in Section 8.2 have been satisfied or waived in writing by Purchaser (or would have been satisfied except for the breach or failure of any of Purchaser's representations, warranties or covenants hereunder) and (ii) the Closing has not occurred solely as a result of the breach or failure of any of Purchaser's representations, warranties, or covenants hereunder or under the Class B Purchase Agreement, including, if and when required, Purchaser's obligations to consummate the transactions contemplated hereunder at Closing or under the Class B Purchase Agreement at the closing contemplated thereunder and Seller terminates this Agreement pursuant to Section 11.1(a) or Section 11.1(b), then Seller shall be entitled to either of the following remedies as the sole and exclusive remedy of the Seller Group against any member of the Purchaser Group for the failure to consummate the transactions contemplated hereunder at Closing, to (A) enforce and cause the specific performance of this Agreement, or (B) terminate this Agreement and receive the entirety

of the Deposit for the sole account and use of Seller as liquidated damages hereunder. Seller and Purchaser acknowledge and agree that (x) Seller's actual damages upon the event of such a termination are difficult to ascertain with any certainty, (y) the Deposit is a fair and reasonable estimate by the Parties of such aggregate actual damages of Seller, and (z) such liquidated damages do not constitute a penalty.

(d) In the event that (i) all conditions precedent to the obligations of Purchaser set forth in Section 8.2 (other than Section 8.2(d)) have been satisfied or waived in writing by Purchaser (or would have been satisfied except for the breach or failure of any of Purchaser's representations, warranties or covenants hereunder), (ii) all conditions precedent to the obligations of Seller set forth in Section 8.1 (other than Section 8.1(d)) have been satisfied or waived in writing by Seller (or would have been satisfied except for the breach or failure of any of Seller's representations, warranties, or covenants hereunder) and (iii) the Closing has not occurred solely as a result of the failure of the condition to Closing set forth in Section 8.1(d) and Section 8.2(d) and either Party elects to terminate this Agreement pursuant to Section 11.1(c), then, notwithstanding that Purchaser has complied with its covenants and obligations under Section 7.7, Seller shall be entitled to, as the sole and exclusive remedy of the Seller Group against any member of the Purchaser Group for the failure to consummate the transactions contemplated hereunder at Closing, retain one hundred percent (100%) of the Deposit for the sole account and use of Seller as liquidated damages hereunder (the "***Break-Up Fee***"). Seller and Purchaser acknowledge and agree that (x) Seller's actual damages upon the event of such a termination are difficult to ascertain with any certainty, (y) the Break-Up Fee set forth in this Section 11.2(d) is a fair and reasonable estimate by the Parties of such aggregate actual damages of Seller, and (z) such liquidated damages do not constitute a penalty.

(e) In the event that this Agreement is terminated under Section 11.1 and Seller is not entitled or required to receive the Deposit under Section 11.2(c) or Section 11.2(d), (i) Purchaser shall be entitled to receive the entirety of the Deposit for the account of Purchaser and (ii) promptly after such termination Seller shall disburse via wire transfer of immediately available funds the entirety of the Deposit to the account(s) designated in writing by Purchaser.

(f) Each Party acknowledges that as express consideration for the Parties entering into this Agreement and such Party's representations, warranties and covenants set forth herein, each Party covenants and agrees that solely with respect to each Parties' rights under Section 11.2(b)(ii)(A) and Section 11.2(c)(ii)(A), (i) the rights of each Party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, if any Party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching Party may be without an adequate remedy at Law, (ii) each Party would be irreparably harmed by any breaches by the other Party of its obligations to consummate the transactions hereunder as and when required by such Party hereunder, (iii) monetary damages would not be a sufficient remedy for any violation of the terms of this Agreement with respect to each Parties' rights under Section 11.2(b)(ii)(A) and Section 11.2(c)(ii)(A), (iv) the other Party shall be entitled to equitable relief, including injunction (without the posting of any bond and without proof of actual damages) and specific performance, in the event of any breach of the provisions of this Agreement with respect to each Parties' rights under Section 11.2(b)(ii)(A) and Section 11.2(c)(ii)(A), in addition to all other remedies available at Law or in equity, including monetary damages, (v) neither Party, nor its representatives shall oppose the granting of specific performance or any such relief as a remedy with respect to each Parties' rights under Section 11.2(b)(ii)(A) and Section 11.2(c)(ii)

(A), and (vi) each Party agrees to waive any requirement for the security or posting of any bond in connection with the remedies described in Section 11.2(b)(ii)(A) and Section 11.2(c)(ii)(A).

ARTICLE 12
INDEMNIFICATION; LIMITATIONS

Section 12.1 **Seller's Indemnification Rights**. Subject to the terms hereof, from and after the Closing Date, Purchaser shall be responsible for, shall pay, and shall indemnify, defend and hold harmless Seller, each Affiliate of Seller, and each of such Person's respective officers, directors, employees and agents ("***Seller Group***") from and against all obligations, liabilities, claims, causes of action and Damages caused by, arising out of, attributable to or resulting from:

(a) the failure or breach of Purchaser's covenants or agreements contained in this Agreement or in any other Transaction Document; and

(b) any failure or breach of any representation or warranty made by Purchaser contained in Article 5 of this Agreement, the Purchaser Certificate or in any other Transaction Document;

EVEN IF ANY SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEES OR THIRD PARTIES.

Section 12.2 **Purchaser's Indemnification Rights**. Subject to the terms hereof, from and after the Closing Date, Seller shall be responsible for, shall pay, and shall indemnify, defend and hold harmless each of Purchaser, the Affiliates of Purchaser and each of their respective officers, directors, employees and agents ("***Purchaser Group***") from and against:

(a) all obligations, liabilities, claims, causes of action and Damages caused by, arising out of, attributable to or resulting from:

(i) the failure or breach of Seller's covenants or agreements contained in this Agreement or in any other Transaction Document;

(ii) any failure or breach of any Seller-Specific Representations; and

(b) the Seller Share of all obligations, liabilities, claims, causes of action and Damages caused by, arising out of, attributable to or resulting from:

(i) any failure or breach of any Company-Specific Representations;

(ii) the signing or execution of any Tax Return set forth in Section 10.2(a) by any Person within the Purchaser Group; and

(iii) any and all Seller Taxes;

EVEN IF ANY SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR

CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEES OR THIRD PARTIES.

Section 12.3 **Survival; Limitation on Actions**.

(a) Subject to Section 12.3(b) and Section 12.3(c): (i) the Non-Fundamental Representations of Seller shall survive Closing and terminate on the date twelve (12) months after the Closing Date; (ii) the Fundamental Representations of Seller shall survive Closing indefinitely; *provided*, the Fundamental Representations of Seller set forth in Section 4.9 (including the corresponding representations and warranties given in the Seller Certificate) shall survive the Closing and terminate thirty (30) days after the expiration of the applicable statute of limitations; (iii) the covenants and agreements of Seller or Purchaser, as applicable, to be performed on or prior to Closing shall terminate as of the Closing Date; (iv) the covenants and agreements of Seller or Purchaser, as applicable, to be performed after Closing shall survive the Closing and terminate on the later to occur of (A) the date twelve (12) months after the Closing Date and (B) the date such covenant expires pursuant to its terms or is otherwise fully performed; *provided*, all covenants with respect to Taxes under Article 10 shall survive the Closing and terminate thirty (30) days after the expiration of the applicable statute of limitations; (v) the indemnification rights of the Purchaser Group in Section 12.2(a)(i), Section 12.2(a)(ii) and Section 12.2(b)(i) shall survive the Closing and terminate as of the termination date of each respective representation, warranty, covenant, or agreement of Seller that is subject to indemnification thereunder; (vi) the indemnification rights of the Purchaser Group in Section 12.2(b)(ii) and Section 12.2(b)(iii) shall survive Closing and terminate thirty (30) days after the expiration of the applicable statute of limitations; (vii) the Fundamental Representations of Purchaser shall survive Closing indefinitely;(viii) the Non-Fundamental Representations of Purchaser shall survive Closing and terminate on the date thirty (30) days after the expiration of the applicable statute of limitations; and (ix) the representations, warranties, covenants and agreements of Seller and Purchaser set forth in this Agreement and the other Transaction Documents shall be of no further force and effect, and neither Seller nor Purchaser shall have any obligations hereunder, after the applicable date of their expiration; *provided*, *however*, there shall be no expiration or termination of any bona fide claim validly asserted pursuant to a Claim Notice pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to the expiration or termination date of the applicable survival period thereof.

(b) As a condition to making any claims for indemnification, defense, or to be held harmless under this Article 12, Purchaser or Seller, as applicable, must deliver a Claim Notice pursuant to this Agreement prior to the expiration or termination date of the applicable survival period (if any) thereof or the date otherwise required to be delivered hereunder. All rights of each member of the Purchaser Group under Section 12.2 or the Seller Group under Section 12.1, as applicable, to indemnification or defense from Seller or Purchaser, as applicable, shall terminate and expire as of the termination date of each respective representation, warranty, covenant, or agreement of Seller or Purchaser, as applicable, for which the other Party is entitled to indemnification or defense from such Party, except in each case as to matters for which a specific written Claim Notice has been delivered to Seller or Purchaser, as applicable, on or before the earlier of such termination date or the date otherwise required to be delivered hereunder.

(c) Subject to this Section 12.3(c) and Section 13.11, notwithstanding anything to the contrary contained elsewhere in this Agreement, Purchaser shall not be entitled to indemnity or reimbursement: (i) under Section 12.2(a)(ii) and Section 12.2(b)(i) for any and all Damages

relating to or arising out of any individual event, matter, or occurrence for which a Claim Notice is delivered by Purchaser and for which Seller admits (or it is otherwise finally determined) that Purchaser is entitled to indemnification or defense from Seller pursuant to Section 12.2(a)(ii) or Section 12.2(b)(i) with respect to the Non-Fundamental Representations of Seller unless and until the total amount of Damages that Seller would otherwise be responsible for hereunder exceeds the Individual Threshold (it being agreed that the Individual Threshold represents a threshold and not a deductible); (ii) under Section 12.2(a)(ii) and Section 12.2(b)(i) with respect to the Non-Fundamental Representations of Seller for any and all Damages that Seller would otherwise be responsible for hereunder that exceed the Individual Threshold and for which Claim Notices are delivered by Purchaser and for which Seller admits (or it is otherwise finally determined) that Purchaser is entitled to indemnification or defense from Seller pursuant to Section 12.2(a)(ii) and Section 12.2(b)(i) with respect to the Non-Fundamental Representations of Seller unless the aggregate amount of all such Damages exceeds the Indemnity Deductible (and then only to the extent such Damages exceed the Indemnity Deductible); (iii) under Section 12.2(a) or Section 12.2(b) for any and all Damages that Seller would otherwise be responsible for hereunder with respect to the Non-Fundamental Representations of Seller, for such aggregate Damages (after giving effect to Section 12.3(c)(i) and Section 12.3(c)(ii)) in excess of ten percent (10%) of the Adjusted Purchase Price; (iv) subject to Section 12.3(c)(iii), for any and all Damages under this Agreement in excess of the Adjusted Purchase Price. Given that the Parties have agreed upon a threshold (as provided above) in an amount equal the Indemnity Deductible as a means of applying a materiality standard to Purchaser's indemnification claims, pursuant to Section 12.2(a)(ii) and Section 12.2(b)(i) for purposes of this Article 12, the calculation of any Damages (but not the determination of any inaccuracy or breach) associated with or incurred by any Purchaser Group in connection with the inaccuracy in or breach of any representation or warranty of Seller set forth herein or in the Transaction Documents and shall be determined without regard to any materiality, Material Adverse Effect, or other similar qualification contained in or otherwise applicable to such representation or warranty; and (v) under this Article 12 or any other provision of this Agreement (other than as expressly contemplated in Section 2.4(i)) for any and all Damages of Purchaser with respect to the Released Claims.

(d) Seller and Purchaser each acknowledge and agree that, except as expressly set forth in Article 11, (i) the payment of money, as limited by the terms of this Agreement, shall be adequate compensation for breach of any representation, warranty, covenant, or agreement contained herein or for any other claim arising in connection with or with respect to the transactions contemplated by this Agreement and (ii) Purchaser and Seller hereby waive any and all rights to rescind, reform, cancel, terminate, revoke, or void this Agreement or any of the transactions contemplated hereby; *provided*, *however*, each Party shall have the non-exclusive right to specific performance and other equitable remedies available at Law or equity (including injunctive relief) for the breach or failure of the other Party to perform its obligations hereunder required to be performed after Closing.

Section 12.4 **Exclusive Remedy and Certain Limitations**.

(a) Notwithstanding anything to the contrary contained in this Agreement, other than with respect to any claims arising from Fraud of a Party, to which this Section 12.4(a) shall not apply, from and after Closing each of Purchaser's and Purchaser Group's and Seller's and Seller Group's sole and exclusive remedy against any member of the Seller Group or the Purchaser Group, as applicable, with respect to the negotiation, performance and consummation of the transactions contemplated hereunder, any breach of the representations, warranties, covenants and agreements of any member of the Seller Group or the Purchaser Group, as applicable, contained herein, the affirmations of such representations, warranties, covenants and agreements contained in the Seller Certificate or the Purchaser Certificate, respectively, or contained in any other Transaction Document delivered hereunder by or on behalf of any member of the Seller Group or the Purchaser Group, as applicable, are (i) the rights to indemnification or defense from Seller set forth in Section 12.2 or from Purchaser as set forth in Section 12.1, each as limited by the terms of this Article 12, and (ii) the right to seek specific performance for the breach or failure of Seller or Purchaser to perform any covenants required to be performed after Closing. Except for the remedies for indemnification or defense from Seller or Purchaser, as applicable, contained in this Article 12 or elsewhere in this Agreement upon Closing, any rights or claims of the Company or Seller (or any of their Affiliates) under the Dedication Agreement (but excluding in any case any rights or claims with respect to any amounts owed or payable by any Person to any members of the Company Group with respect to any accounts receivable relating to item #3 (System Gain/Loss) on Schedule 4.5), pursuant to the Participation Rights or pursuant to any other written agreement with the Seller Group or the Purchaser Group, as applicable, and the reduction of the Unadjusted Purchase Price pursuant to Section 2.4(i) as full and final settlement for the Released Claims, each of Purchaser and Seller waives, releases, remises and forever discharges, and shall cause each member of the Purchaser Group or Seller Group, as applicable, to waive, release, remise and forever discharge, each member of the Seller Group or Purchaser Group, as applicable, from any and all Damages, suits, legal or administrative proceedings, claims, demands, losses, costs, obligations, liabilities, interest, charges or causes of action whatsoever, in Law or in equity, known or unknown, which any member of the Purchaser Group or Seller Group, as applicable, might now or subsequently may have, based on, relating to or arising out of the negotiation, performance and consummation of this Agreement or the other Transaction Documents or the transactions contemplated hereunder or thereunder, or the condition, quality, status or nature of any Assets, **INCLUDING RIGHTS TO CONTRIBUTION UNDER CERCLA OR ANY OTHER ENVIRONMENTAL LAW, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY ANY MEMBER OF THE PURCHASER GROUP OR THE SELLER GROUP, AS APPLICABLE, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE, OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY RELEASED PERSON, INVITEES OR THIRD PARTIES**. No Party or Person is asserting the accuracy, completeness, or truth of any representation and warranty set forth in this Agreement; rather, the Parties have agreed that should any representation or warranty of any Party prove inaccurate, incomplete or untrue, the other Party shall have the specific rights and remedies herein specified as the exclusive remedy therefor, but that no other rights, remedies, or causes of action (whether in Law or in equity or whether in contract or in tort or otherwise) are permitted to any Party as a result

of the failure, breach, inaccuracy, incompleteness, or untruthfulness of any such representation and warranty.

(b) Any claim for indemnity under this Article 12 by any current or former Affiliate, stockholder, member, officer, director, employee, agent, lender, advisor, representative, accountant, attorney and consultant of any Party must be brought and administered by the applicable Party to this Agreement. No Indemnified Person other than Seller and Purchaser shall have any rights against Seller or Purchaser under the terms of this Article 12, except as may be exercised on its behalf by Purchaser or Seller, as applicable, pursuant to this Article 12. Seller and Purchaser may elect to exercise or not exercise indemnification rights under this Agreement on behalf of the other Indemnified Persons affiliated with it in its sole discretion and shall have no liability to any such other Indemnified Person for any action or inaction under this Section 12.4.

(c) The amount of any Damages for which a Party or any member of the Purchaser Group or the Seller Group, as applicable, is entitled to indemnity under this Article 12 shall be reduced by the amount of insurance or other third party proceeds, recoupment, reimbursements, or claims realized by Purchaser or applicable members of the Purchaser Group (including Company and any Subsidiary) or the Seller Group, as applicable, under the relevant insurance arrangements, agreements, contracts or applicable Laws with respect to such Damages, less all costs of pursuing such claim. Each Party shall use, and shall cause its Affiliates to use, commercially reasonable efforts to pursue and prosecute any and all claims against Third Parties (including against Frontier under the terms of the Class B Purchase Agreement) for which such Party or any member of the Purchaser Group (including Company and any Subsidiary) or the Seller Group, as applicable, is entitled to indemnification or defense from the other Party under this Article 12. In the event that any set of facts or circumstances may give a Party or any member of the Purchaser Group or the Seller Group, as applicable, a claim to indemnification or defense under both this Agreement and the Class B Purchase Agreement, such Party shall be required to concurrently seek indemnification or defense under the Class B Purchase Agreement for such claim, and to exhaust all remedies thereunder in connection with such claims or right of defense. In the event that any member of the Purchaser Group or the Seller Group, as applicable, receives funds or proceeds from Frontier or any insurance carrier or any other Third Party with respect to any Damages, Purchaser or Seller, as applicable, shall, regardless of when received by such member of the Purchaser Group or the Seller Group, as applicable, promptly pay and reimburse the other Party such funds or proceeds to the extent of any funds previously paid to any member of the Purchaser Group or the Seller Group, as applicable, with respect to such Damages, less all costs of pursuing such claim; *provided*, in no case shall Seller be entitled to any proceeds Purchaser recovers from Frontier with respect to Damages in respect of a breach of a Company-Specific Representation.

(d) Each Indemnified Person shall make reasonable efforts to mitigate or minimize all Damages upon and after becoming aware of any event or condition which would reasonably be expected to give rise to any Damages that are indemnifiable hereunder. If an Indemnified Person fails to so mitigate any indemnifiable Damages under the preceding sentence, the Indemnifying Party shall have no liability for the portion of such Damages that reasonably could have been avoided, reduced or mitigated had the Indemnified Person made such reasonable efforts.

(e) The Parties shall treat, for U.S. federal and applicable state and local income Tax purposes, any amounts paid or received under this Article 12 as an adjustment to the Adjusted Purchase Price, unless otherwise required by applicable Laws.

(f) Notwithstanding anything to the contrary contained in this Agreement, under no circumstances shall any Party be entitled to double recovery under this Agreement, and to the extent a Party is compensated for a matter through an adjustment to the Unadjusted Purchase Price or third party recovery or insurance recovery (including from Frontier under the Class B Purchase Agreement or any other agreements) actually received, such Party shall not have a separate right to indemnification hereunder for such matter.

(g) To the extent of the indemnification obligations in this Agreement, Purchaser and Seller hereby waive for themselves and their respective successors and assigns, including any insurers, any rights to subrogation for Damages for which such Party is liable or against which such Party indemnifies any other Person under this Agreement. If required by applicable insurance policies, each Party shall obtain a waiver of such subrogation from its insurers.

Section 12.5 **Indemnification Actions**. All claims for indemnification under Article 12 shall be asserted and resolved as follows:

(a) For purposes of this Article 12, the term "***Indemnifying Party***" when used in connection with particular Damages means (i) Seller in the event any member of the Purchaser Group is entitled to indemnity under this Agreement and (ii) Purchaser in the event any member of the Seller Group is entitled to indemnification under this Agreement. For purposes of this Article 12, the term "***Indemnified Person***" when used in connection with particular Damages means (i) Purchaser in the event any member of the Purchaser Group is entitled to indemnity under this Agreement and (ii) Seller in the event any member of the Seller Group is entitled to indemnification under this Agreement.

(b) To make a claim for indemnification, defense or reimbursement under this Article 12, an Indemnified Person shall notify the Indemnifying Party of its claim, including the specific details (including supporting documentation of the alleged Damages and such Indemnified Person's good faith estimate of the applicable claim) of and specific basis under this Agreement for its claim (the "***Claim Notice***").

(c) In the event that any claim for indemnification set forth in any Claim Notice is based upon a claim by a Third Party against the Indemnified Person (a "***Third Party Claim***"), the Indemnified Person shall provide its Claim Notice promptly after the Indemnified Person has actual knowledge of the Third Party Claim and shall enclose a copy of all papers (if any) served with respect to the Third Party Claim; *provided* that the failure of any Indemnified Person to give notice of any Third Party Claim as provided in this Section 12.5 shall not relieve the Indemnifying Party of its obligations under this Article 12 except to the extent such failure results in insufficient time being available to permit the Indemnifying Party to effectively defend against the Third Party Claim or otherwise prejudices the Indemnifying Party's ability to defend against the Third Party Claim. In the event that the claim for indemnification is based upon an alleged inaccuracy or breach of a representation, warranty, covenant, or agreement, the Claim Notice shall specify the representation, warranty, covenant, or agreement that was allegedly inaccurate or breached.

(d) In the case of a claim for indemnification based upon any Third Party Claim, the Indemnifying Party shall have thirty (30) days from its receipt of the Claim Notice to notify the Indemnified Person whether it admits or denies (i) in the case of Seller, Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this

Article 12 or (ii) in the case of Purchaser, its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12. The Indemnified Person is authorized, prior to and during such thirty (30) day period, to file any motion, answer, or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Party and that is not prejudicial to the Indemnifying Party. If the Indemnifying Party fails to notify the Indemnified Person within such thirty (30) day period regarding whether the Indemnifying Party admits or denies (i) in the case of Seller, Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or (ii) in the case of Purchaser, its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, then until such date as the Indemnifying Party admits or it is finally determined by a non-appealable judgment that such right or obligation exists, the Indemnified Person may file any motion, answer, or other pleading, settle any Third Party Claim or take any other action that the Indemnified Person deems necessary or appropriate to protect its interest, regardless of whether the Indemnifying Party is prejudiced or adversely impacted by any such actions.

(e) If (x) Seller admits Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or (y) Purchaser admits its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, then the applicable Indemnifying Party shall have (i) the right and obligation to diligently prosecute and control the defense of such Third Party Claim, at the sole cost and expense of Purchaser if Purchaser is the Indemnifying Party and at the sole cost and expense of Seller if Seller is the Indemnifying Party, and (ii) have full control of such defense and proceedings, including any compromise or settlement thereof, unless the compromise or settlement includes the payment of any amount by, the performance of any obligation by, or the limitation of any right or benefit of, the Indemnified Person or pertains to Taxes, in which event such settlement or compromise shall not be effective without the consent of the Indemnified Person, which shall not be unreasonably withheld or delayed. If requested by the Indemnifying Party, the Indemnified Person agrees at the cost and expense of the Indemnifying Party to cooperate in contesting any Third Party Claim which the Indemnifying Party elects to contest; *provided*, *however*, that the Indemnified Person shall not be required to bring any counterclaim or cross-complaint against any Person. The Indemnified Person may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 12.5(e) *provided* that the Indemnified Person may file initial pleadings as described in the last sentence of subsection (d) above if required by court or procedural rules to do so within the thirty (30) day period in subsection (d) above. An Indemnifying Party shall not, without the written consent of the Indemnified Person, settle any Third Party Claim or consent to the entry of any judgment with respect thereto that (A) does not result in a final resolution of the Indemnified Person's liability with respect to the Third Party Claim (including, in the case of a settlement, an unconditional written release of the Indemnified Person from all further liability in respect of such Third Party Claim), (B) may materially and adversely affect the Indemnified Person (other than as a result of money damages covered by the indemnity) or (C) pertains to Taxes.

(f) If (x) Seller does not admit Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or admits such right but thereafter fails to diligently defend or settle the Third Party Claim or (y) Purchaser does not admit Seller's right to indemnification or defense in respect of such Third Party Claim as provided in this Article 12 or admits its obligation but thereafter fails to diligently defend or settle the Third Party Claim, as applicable, then the Indemnified Person shall have the right, but not the obligation,

to defend and control the defense against the Third Party Claim (at the sole cost and expense of the Indemnifying Party if Purchaser is the Indemnifying Party or at the sole cost and expense of Seller if Seller is the Indemnifying Party, and in either case if the Indemnified Person is entitled to indemnification hereunder), with counsel of the Indemnified Person's choosing, subject to the right of (x) Seller as the Indemnifying Party to admit Purchaser's right to indemnity and reimbursement right against Seller in respect of such Third Party Claim as provided in this Article 12 or (y) Purchaser as the Indemnifying Party to admit its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, at any time prior to settlement or final determination thereof. If (x) Seller has not yet admitted Purchaser's right to indemnity and reimbursement right against Seller in respect of such Third Party Claim as provided in this Article 12 or (y) Purchaser has not yet admitted its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, the Indemnified Person shall send written notice to the Indemnifying Party of any proposed settlement and the Indemnifying Party shall have the option for ten (10) days following receipt of such notice to (i) (x) in the case of Seller, admit Purchaser's right to indemnity and reimbursement right against Seller in respect of such Third Party Claim as provided in this Article 12 or (y) in the case of Purchaser, admit its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, and (ii) if such right or obligation is so admitted, assume the defense of the Third Party Claim, including the power to reject the proposed settlement. If the Indemnified Person settles any Third Party Claim over the objection of the Indemnifying Party after the Indemnifying Party has timely admitted such right or obligation for indemnification in writing and assumed the defense of the Third Party Claim, the Indemnified Person shall be deemed to have waived any right to indemnity with respect to the Third Party Claim.

(g) Seller agrees that, in the event Purchaser brings suit against Frontier for any claim, cause of action, or dispute arising out of or relating to the Class B Purchase Agreement, including any claim for indemnification pursuant to Article 12 of the Class B Purchase Agreement, Seller consents to jurisdiction in the same court and lawsuit and waives any objection it may have to suit on the basis of lack of personal jurisdiction, improper venue, or forum non conveniens.

(h) In the case of a claim for indemnification not based upon a Third Party Claim (a "***Direct Claim***"), such Direct Claim shall be asserted by giving the Indemnifying Party reasonably prompt Claim Notice thereof prior to the expiration of the applicable survival period. Such Claim Notice by the Indemnified Person shall describe the Direct Claim in reasonable detail, shall include copies of all available material written evidence thereof, and shall indicate the estimated amount, if reasonably practicable, of Damages that have been or may be sustained by the Indemnified Person. The Indemnifying Party shall have sixty (60) days from its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) (x) in the case of Seller, admit Purchaser's right to indemnity and reimbursement right against Seller in respect of such Direct Claim as provided in this Article 12 or (y) in the case of Purchaser, admit its obligation to indemnify the Indemnified Person with respect to such Direct Claim under this Article 12, as applicable or (iii) dispute the claim for such Damages. If the Indemnifying Party does not notify the Indemnified Person within such sixty (60) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Party shall be conclusively deemed (x) in the case of Seller, to have admitted Purchaser's right to indemnity and reimbursement right against Seller in respect of such Direct Claim as provided in this Article 12 or (y) in the case of Purchaser, to have admitted its obligation to indemnify the Indemnified Person with respect to such Direct Claim under this Article 12, as applicable.

Section 12.6 **Express Negligence/Conspicuous Manner**. **WITH RESPECT TO THIS AGREEMENT, BOTH PARTIES AGREE THAT THE PROVISIONS SET OUT IN THIS ARTICLE 12 AND ELSEWHERE IN THIS AGREEMENT COMPLY WITH THE REQUIREMENT, KNOWN AS THE EXPRESS NEGLIGENCE RULE, TO EXPRESSLY STATE IN A CONSPICUOUS MANNER TO AFFORD FAIR AND ADEQUATE NOTICE THAT THIS AGREEMENT HAS PROVISIONS REQUIRING PURCHASER TO BE RESPONSIBLE FOR THE NEGLIGENCE (WHETHER GROSS, SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR CONCURRENT), STRICT LIABILITY, OR OTHER FAULT OF MEMBERS OF THE SELLER GROUP. PURCHASER REPRESENTS TO THE SELLER GROUP (A) THAT PURCHASER HAS CONSULTED AN ATTORNEY CONCERNING THIS AGREEMENT OR, IF IT HAS NOT CONSULTED AN ATTORNEY, THAT PURCHASER WAS PROVIDED THE OPPORTUNITY AND HAD THE ABILITY TO SO CONSULT, BUT MADE AN INFORMED DECISION NOT TO DO SO, AND (B) THAT PURCHASER FULLY UNDERSTANDS ITS OBLIGATIONS UNDER THIS AGREEMENT.**

ARTICLE 13
MISCELLANEOUS

Section 13.1 **Notices**. Any notice, request, instruction, correspondence, or other document to be given hereunder by any Party to another Party (herein collectively called "***Notice***") shall be in writing and delivered in person by courier service or U.S. mail requiring acknowledgement of receipt or mailed by certified mail, postage prepaid and return receipt requested, or by e-mail requesting the recipient to confirm receipt, as follows:

To Seller:	Concho Resources Inc. One Concho Center 600 W. Illinois Avenue Midland, Texas 79701 Attn: Jack Harper Email: JHarper@concho.com
with a copy (that shall not constitute Notice) to:	Concho Resources Inc. One Concho Center 600 W. Illinois Avenue Midland, Texas 79701 Attn: Travis L. Counts Email: TCounts@concho.com
with a copy (that shall not constitute Notice) to:	Vinson & Elkins LLP 1001 Fannin, Suite 2500 Houston, Texas 77002-6760 Attn: Bryan Edward Loocke Email: bloocke@velaw.com
To Purchaser:	Plains Pipeline, L.P. c/o Plains All American Pipeline, L.P. 333 Clay Street Suite 1600 Houston, Texas 77002 Attention: Jeremy Goebel Email: JLGoebel@paalp.com
with a copy (that shall not constitute Notice) to:	Plains Pipeline, L.P. c/o Plains All American Pipeline, L.P. 333 Clay Street Suite 1600 Houston, Texas 77002 Attention: Richard McGee Email: RKMcGee@paalp.com and Norton Rose Fulbright US LLP 1301 McKinney, Suite 5100 Houston, Texas 77010 Attn: George E. Crady Email: ned.crady@nortonrosefulbright.com

Notice shall be effective upon actual receipt. Any Party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

Section 13.2 **Governing Law**. This Agreement and the documents delivered pursuant hereto and the legal relations between the Parties shall be governed by, construed and enforced in accordance with the Laws of the State of Texas, without regard to principles of conflicts of Laws that would direct the application of the Laws of another jurisdiction.

Section 13.3 **Venue and Waiver of Jury Trial**.

(a) Except as to any dispute, controversy, matters, or claim arising out of or in relation to or in connection with the calculation or determination of the Purchase Price pursuant to Section 2.4, Section 2.5 or Section 2.6 (which shall be resolved exclusively in accordance with Section 2.5(b)), any dispute, controversy, matter, or claim between the Parties (each, subject to such exceptions, a "***Dispute***"), that cannot be resolved among the Parties, will be instituted exclusively in the courts of the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas and each Party hereby irrevocably consents to the exclusive jurisdiction in connection with any Dispute, litigation, or proceeding arising out of this Agreement or any of the transactions contemplated thereby. All Disputes between the Parties to this Agreement and the transactions contemplated hereby shall have exclusive jurisdiction and venue only in the courts of the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas. Each Party waives any objection which it may have pertaining to improper venue or forum non-conveniens to the conduct of any litigation or proceeding in the foregoing courts. Each Party agrees that any and all process directed to it in any such proceeding or litigation may be served upon it outside of the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas with the same force and effect as if such service had been made within the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas.

(b) EACH OF THE PARTIES HEREBY VOLUNTARILY AND IRREVOCABLY WAIVES TRIAL BY JURY IN ANY LITIGATION, ACTION, OR OTHER PROCEEDING BROUGHT IN CONNECTION WITH THIS AGREEMENT.

(c) The Parties agree that a dispute under this Agreement may raise issues that are common with one or more of the other Transaction Documents, under the Class B Purchase Agreement or documents executed or delivered thereunder or which are substantially the same or interdependent and interrelated or connected with issues raised in a related dispute, controversy, or claim between or among the Parties, Frontier or any of their respective Affiliates. Accordingly, any Party to a new Dispute under this Agreement or under the Class B Purchase Agreement may elect in writing within thirty (30) days after the filing or service of a new Dispute, or the amendment of a complaint, third-party complaint, answer and/or counterclaim to refer such Dispute for resolution by the applicable court together with any existing Dispute arising under this Agreement, other Transaction Documents or other documents executed by the Parties in connection herewith, under the Class B Purchase Agreement or documents executed or delivered thereunder, or which are substantially the same or interdependent and interrelated or connected. Nothing in this provision shall be construed to heighten or modify the standard of permissible and/or mandatory joinder or other third party practice under any applicable rules of procedure, statute, or practice.

Section 13.4 **Headings and Construction**. The headings and captions herein are inserted for convenience of reference only and are not intended to govern, limit, or aid in the construction of any term or provision hereof. The rights and obligations of each Party shall be determined pursuant to this Agreement. Seller and Purchaser have each had the opportunity to exercise business discretion in relation to the negotiation of the details and terms of the transaction contemplated hereby. This Agreement is the result of arm's length negotiations from equal bargaining positions. It is the intention of the Parties that every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Party (notwithstanding any rule of Law requiring an agreement to be strictly construed against the drafting Party) and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any particular provision thereof, it being understood that the Parties to this Agreement are sophisticated and have had adequate opportunity and means to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby and retain counsel to represent their interests and to otherwise negotiate the provisions of this Agreement.

Section 13.5 **Waivers**. Any failure by any Party to comply with any of its obligations, agreements, or conditions herein contained may be waived by the Party to whom such compliance is owed by the application of the express terms hereof by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No course of dealing on the part of any Party or its respective officers, employees, agents, or representatives and no failure by any Party to exercise any of its rights under this Agreement shall, in each case, operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. Except as otherwise expressly provided herein, no waiver of, or consent to a change in or modification of, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in or modification of, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein. The rights of each Party under this Agreement shall be cumulative and the exercise or partial exercise of any such right shall not preclude the exercise by such Party of any other right.

Section 13.6 **Severability**. It is the intent of the Parties that the provisions contained in this Agreement shall be severable and should any terms or provisions, in whole or in part, be held invalid, illegal, or incapable of being enforced as a matter of Law, such holding shall not affect the other portions of this Agreement, and such portions that are not invalid shall be given effect without the invalid portion. Upon such determination that any term or provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 13.7 **Assignment**. No Party shall assign or otherwise transfer all or any part of this Agreement, nor shall any Party delegate any of its rights or duties hereunder, without the prior written consent of the other Party and any transfer or delegation made without such consent shall be null and void; *provided*, *however*, that (a) in the event of a Person succeeding to all or substantially all of the assets of Seller (whether by merger, consolidation, sale of assets or otherwise in a manner permitted by this Agreement), assignment or transfer of all or any part of this Agreement shall not require the prior written consent of Purchaser or (b) Purchaser's assignment or transfer of all, but not less than all, of this Agreement to a wholly owned subsidiary that has executed and delivered to Purchaser and Seller a ratification and joinder of this Agreement that is reasonably acceptable to

Seller shall not require the prior written consent of Seller (provided, however, such assignment shall not relieve or release Purchaser from the performance of Purchaser's or its permitted assigns duties or obligations hereunder and each of Purchaser and such permitted assigns shall be fully and jointly and severally liable to Seller for the performance of all such duties and obligations of Purchaser hereunder). Unless expressly agreed to in writing by the Parties, no permitted assignment of any Party's rights or duties shall relieve or release the assigning Party from the performance of such Party's rights or obligations hereunder and such assigning Party shall be fully liable to the other Party for the performance of all such rights and duties. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted successors and assigns.

Section 13.8 **Entire Agreement**. This Agreement and the other Transaction Documents constitute the entire agreement between the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE TERMS AND PROVISIONS OF ANY SCHEDULE OR EXHIBIT HERETO, THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL GOVERN AND CONTROL; *PROVIDED, HOWEVER* THAT THE INCLUSION IN ANY OF THE SCHEDULES AND EXHIBITS HERETO OF TERMS AND PROVISIONS NOT ADDRESSED IN THIS AGREEMENT SHALL NOT BE DEEMED A CONFLICT, AND ALL SUCH ADDITIONAL PROVISIONS SHALL BE GIVEN FULL FORCE AND EFFECT, SUBJECT TO THE PROVISIONS OF THIS SECTION 13.8.

Section 13.9 **Amendment**. This Agreement may be amended or modified only by an agreement in writing signed by Seller and Purchaser and expressly identified as an amendment or modification.

Section 13.10 **No Third-Person Beneficiaries**. Nothing in this Agreement shall entitle any Person other than Purchaser and Seller to any claim, cause of action, remedy, or right of any kind, except the rights expressly provided to the Persons described in Section 7.1, Section 7.8, and Article 12, in each case, only to the extent such rights are exercised or pursued, if at all, by Seller or Purchaser acting on behalf of such Person (which rights may be exercised in the sole discretion of the applicable Party hereunder). Notwithstanding the foregoing: (a) the Parties reserve the right to amend, modify, terminate, supplement, or waive any provision of this Agreement or this entire Agreement without the consent or approval of any other Person (including any Indemnified Person) and (b) no Party hereunder shall have any direct liability to any permitted Third Party beneficiary, nor shall any permitted Third Party beneficiary have any right to exercise any rights hereunder for such Third Party beneficiary's benefit except to the extent such rights are brought, exercised and administered by a Party hereto in accordance with Section 12.4(b).

Section 13.11 **Limitation on Damages**. Except as set forth on Schedule 13.11, but notwithstanding anything else to the contrary contained in this Agreement, **NO PERSON SHALL BE ENTITLED TO LOST PROFITS OR LOSS OF BUSINESS OPPORTUNITY, CONSEQUENTIAL DAMAGES, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND EACH OF PURCHASER AND SELLER, FOR ITSELF AND ON BEHALF OF THEIR RESPECTIVE MEMBERS OF THE PURCHASER GROUP AND SELLER GROUP, RESPECTIVELY, HEREBY EXPRESSLY WAIVES ANY RIGHT**

TO LOST PROFITS, LOSS OF BUSINESS OPPORTUNITY, CONSEQUENTIAL DAMAGES, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY; provided, however, that Seller and Purchaser agree that such limitation and waiver shall not apply to any such Damages suffered by any Third Party for which responsibility is allocated among the Parties under the terms hereof.

Section 13.12 **Deceptive Trade Practices Act**. Purchaser certifies that it is not a "consumer" within the meaning of the Texas Deceptive Trade Practices Consumer Protection Act, Subchapter E of Chapter 17, Sections 17.41, *et seq.*, of the Texas Business and Commerce Code, (as amended, the "***DTPA***"). Purchaser covenants, for itself and for and on behalf of any successor or assignee, that if the DTPA is applicable to this Agreement, (a) Purchaser is a "business consumer" as that term is defined in the DTPA, (b) AFTER CONSULTATION WITH ATTORNEYS OF PURCHASER'S OWN SELECTION, PURCHASER HEREBY VOLUNTARILY WAIVES AND RELEASES ALL OF PURCHASER'S RIGHTS AND REMEDIES UNDER THE DTPA AS APPLICABLE TO SELLER AND SELLER'S SUCCESSORS AND ASSIGNS, AND (c) PURCHASER SHALL DEFEND AND INDEMNIFY THE SELLER GROUP FROM AND AGAINST ANY AND ALL CLAIMS OF OR BY ANY MEMBER OF THE PURCHASER GROUP OR ANY OF THEIR SUCCESSORS AND ASSIGNS OR ANY OF ITS OR THEIR AFFILIATES BASED IN WHOLE OR IN PART ON THE DTPA ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

Section 13.13 **Time of the Essence; Calculation of Time**. Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date that is not a Business Day), then the date for giving such notice or taking such action (and the expiration date of such period during which notice is required to be given or action taken) shall be the next day that is a Business Day.

Section 13.14 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile, .pdf or other electronic transmission of copies of signatures shall constitute original signatures for all purposes of this Agreement and any enforcement hereof.

[*Remainder of Page Intentionally Left Blank. Signature Pages Follow.***]**

IN WITNESS WHEREOF, this Agreement has been executed by each of the Parties effective as of the Execution Date.

SELLER:

COG OPERATING LLC

Name: /s/ Jack Harper
By: Jack Harper
Title: Executive Vice President and Chief Financial Officer

PURCHASER:

PLAINS PIPELINE, L.P.

By: PLAINS GP LLC, its general partner

Name: /s/ Willie Chiang
By: Willie Chiang
Title: Executive Vice President and COO (US)

EXHIBITS

Exhibit A Gathering System Description
Exhibit A-1 Gathering System Map
Exhibit A-2 Gathering System Delivery Points
Exhibit B Form of Assignment of Subject Securities
Exhibit C Form of Affidavit of Non-Foreign Status
Exhibit D Form of Dedication Agreement Amendment
Exhibit E Form of Termination and Partial Release
Exhibit F Form of Limited Guarantee

SCHEDULES

Neither these Schedules nor any disclosure made in or by virtue of them constitutes or implies any representation, warranty, or covenant by Seller not expressly set out in the Agreement, and neither these Schedules nor any such disclosure has the effect of, or may be construed as, adding to, broadening, deleting from, or revising the scope of any of the representations, warranties, or covenants of Seller in the Agreement. Any item or matter disclosed or listed on any particular Schedule, other than Schedule 7.15, is deemed to be disclosed or listed on any other Schedules to the extent it is reasonably apparent on its face that such item relates or is applicable to, or is properly disclosed under, such other Schedule or the section of the Agreement to which such other Schedule corresponds, notwithstanding the fact that the Schedules are arranged to correspond to the sections of the Agreement, that a particular section of the Agreement makes reference to a particular Schedule, or that a particular representation, warranty, or covenant in the Agreement may not make reference to a Schedule. Matters reflected in these Schedules are not necessarily limited to matters required by the Agreement to be reflected in these Schedules. The fact that any item of information is contained herein is not an admission of liability under any applicable Law, and does not mean that such information is required to be disclosed in or by the Agreement, or that such information is material, but rather is intended only to qualify the representations, warranties and covenants in the Agreement and to set forth other information required by the Agreement. Except to the extent the Agreement specifically contemplates disclosing items on a Schedule that are material (or other words or phrases to that effect) or that meet a certain dollar threshold, neither the specification of any dollar amount in any representation, warranty, or covenant contained in the Agreement nor the inclusion of any specific item in these Schedules is intended to imply that such amount, or a higher or lower amount, or the item so included, or any other item, is or is not material, except as aforesaid, and no Person shall use the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between or among the parties to the Agreement as to whether any obligation, item or matter not described herein or included in these Schedules is or is not material for purposes of the Agreement. The information set forth on the Schedules shall not be used as a basis for interpreting the terms “material”, “materially”, “materiality”, “Material Adverse Effect”, or any similar qualification in the Agreement. Neither the specification of any item or matter in any representation, warranty, or covenant contained in the Agreement nor the inclusion of any specific item in these Schedules is intended to imply that such item or matter, or another item or matter, is or is not in the ordinary course of business, and no Person shall use the setting forth or the inclusion of any such item or matter in any dispute or controversy between or among the parties to the Agreement as to whether any obligation, item or matter described or not described herein or included or not included in these Schedules is or is not in the ordinary course of business for purposes of the Agreement. Notwithstanding anything herein or in the Agreement to the contrary, no disclosure set forth in Schedule 7.15 shall be deemed to apply or be disclosed other than with respect to the covenant set forth in Section 7.15.

Headings and references to the VDR have been inserted in these Schedules for reference only and do not amend or supplement the descriptions of the disclosed items set forth in the Agreement. Where a reference is made to a section or exhibit, such reference shall be to a section of or exhibit to the Agreement unless otherwise indicated. Whenever the words “include,” “includes,” or

“including” are used in these Schedules, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import.

Disclosure Schedules

Exhibit 2.2

Execution Version

SECURITIES PURCHASE AGREEMENT

by and between

FRONTIER MIDSTREAM SOLUTIONS, LLC,

as Seller,

and

PLAINS PIPELINE, L.P.,

as Purchaser,

Dated effective as of January 19, 2017

EXHIBITS:

SCHEDULES:

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "***Agreement***"), is dated effective as of January 19, 2017 (the "***Execution Date***"), by and between Frontier Midstream Solutions, LLC, a Delaware limited liability company ("***Seller***"), and Plains Pipeline, L.P., a Texas limited partnership ("***Purchaser***"). Seller and Purchaser are sometimes referred to individually as a "***Party***" and collectively as the "***Parties***".

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, one hundred percent (100%) of the issued and outstanding Class B Units (as defined in the LLC Agreement) of Alpha Holding Company, LLC, a Delaware limited liability company (the "***Company***").

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 **Certain Definitions**. As used herein:

"***AAA***" means the American Arbitration Association.

"***Accounting Principles***" means United States generally accepted accounting principles using the accrual method of accounting, as consistently applied.

"***Acquisition Proposal***" is defined in Section 7.4(b).

"***Affiliate***" means, with respect to any Person, a Person that directly or indirectly controls, is controlled by or is under common control with such Person, with control in such context meaning the ability to direct the management or policies of a Person through ownership of voting shares or other securities, pursuant to a written agreement, or otherwise; *provided*, *however*, (a) until the Closing, unless the context requires otherwise, the Company and its Subsidiaries shall be deemed to be Affiliates of Seller for all periods prior to Closing and (b) after the Closing, the Company and its Subsidiaries shall be deemed to be Affiliates of Purchaser.

"***Agreement***" is defined in the introductory paragraph hereof.

"***Antitrust Laws***" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, any state antitrust or unfair competition Laws and all other national, federal, state, foreign or multinational Laws, including any antitrust, competition or trade regulation Laws, that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization, attempted monopolization, restraint of trade, lessening of competition or abusing or maintaining a dominant position. Antitrust Law also includes any Law that requires one or more parties to a transaction to submit a notification to a Governmental Authority with the authority to review certain transactions to determine if such transactions violate any Antitrust Law.

"***Assets***" means all of the Company's and its Subsidiaries collective right, title and interest in and to the following:

(a) the Gathering System;

(b) all surface fee interests, easements, permits, licenses, servitudes, rights of way, surface leases and other rights to use the surface, in each case to the extent appurtenant to, and used or held primarily for use in connection with, the ownership or operation of the Gathering System (the "***Rights of Way***");

(c) other than the Rights of Way, all other real property owned in fee or leased, including office leases, buildings, offices, improvements, appurtenances, field offices and yards (the "***Realty Interests***"); and

(d) all other assets and properties of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible and wherever situated), including the goodwill related thereto, Securities and Cash and Cash Equivalents.

"***Assignment***" is defined in Section 9.2(a).

"***Balance Sheet***" is defined in Section 4.4.

"***Balance Sheet Date***" is defined in Section 4.4.

"***Business***" means the ownership and operation by the Company and its Subsidiaries of the Gathering System and other activities conducted by the Company and its Subsidiaries that are incidental thereto, including the marketing activities of Alpha Marketing, LLC, a Delaware limited liability company.

"***Business Day***" means any day other than a Saturday, a Sunday or a day on which banks are closed for business in Houston, Texas or New York, New York.

"***Business Employee***" means each individual listed on Schedule 7.13 who is employed or engaged by Seller or its Affiliates as of the Execution Date.

"***Call Option Exercise***" is defined in in the Class A Purchase Agreement.

"***Cash and Cash Equivalents***" means (a) money, currency or a credit balance in a deposit account at a financial institution, net of checks outstanding as of the time of determination, (b) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, (c) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, (d) commercial paper issued by any bank or any bank holding company owning any bank and (e) certificates of deposit or bankers' acceptances issued by any commercial bank organized under the applicable Laws of the United States of America.

"***Casualty Loss***" is defined in Section 7.3.

"***CERCLA***" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*

"***Claim Notice***" is defined in Section 12.5(b).

"***Class A Purchase Agreement***" means that certain Purchase and Sale Agreement dated as of the Execution Date between Concho and Purchaser.

"***Class A Units***" is defined in the LLC Agreement.

"***Closing***" is defined in Section 9.1.

"***Closing Date***" is defined in Section 9.1.

"***Closing Payment***" means the amount of cash consideration payable by Purchaser to Seller at the Closing, which shall be an amount equal to (a) the Purchase Price *minus* (b) the Holdback Amount.

"***Code***" means the United States Internal Revenue Code of 1986, as amended.

"***Company***" is defined in the recitals.

"***Company Group***" means Company, each Affiliate of Company and each of such Person's respective officers, directors, employees and agents.

"***Company Indemnitees***" is defined in Section 7.12(a).

"***Company Rights of Way***" is defined in Section 4.18(c).

"***Company Securities***" means the Subject Securities and the Class A Units.

"***Company-Specific Representations***" means the representations and warranties set forth in Article 4.

"***Concho***" means COG Operating LLC, a Delaware limited liability company.

"***Confidentiality Agreement***" means that certain Confidentiality Agreement dated as of October 14, 2016 by and between Concho, the applicable member of the Company Group and Purchaser, as amended from time to time.

"***Consent***" means any consent, approval, authorizations or permit of, or filing with, or notification to, any Governmental Authorities or any other Person which are required to be obtained, made or complied with for or in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

"***Contracts***" means all contracts, agreements and instruments that are binding on the Company, its Subsidiaries, the Gathering System or the Business; *provided*, *however*, without limiting the instruments included in the Assets, the defined term "Contracts" shall not include the

Rights of Way, Realty Interests or any other instruments constituting any of the Company Group's chain of title to the Rights of Way or Realty Interests.

"***Credit Facility***" means that certain Credit Agreement, dated June 10, 2016, among Alpha Crude Connector, LLC, a Delaware limited liability company, as borrower, Wells Fargo Bank, N.A., a National Association, as administrative agent and collateral agent and the lenders from time to time party thereto, as amended from time to time.

"***Credit Facility Indebtedness***" means the Indebtedness of the Company and its Subsidiaries incurred and outstanding pursuant to the Credit Facility.

"***Damages***" means, subject to the terms hereof, including Section 13.11, the amount of any loss, cost, costs of settlement (*provided*, to the extent the Indemnified Person has not complied in any material respect with the terms of Section 12.5, such losses shall be reduced to the extent attributable to such non-compliance), damage, interest, deficiencies, liabilities, fines, expense, claim, award, judgment or penalty of any kind incurred or suffered by any Indemnified Person arising out of or resulting from the indemnified matter, whether attributable to personal injury or death, property damage, contract claims, torts or otherwise, including reasonable fees and expenses of attorneys, consultants, accountants or other agents and experts reasonably incident to matters indemnified against, and the costs of investigation or monitoring of such matters, and the costs of enforcement of the indemnity and in pursuing insurance providers or recovery of any applicable insurance.

"***Dedication Agreement***" means the Crude Petroleum Dedication and Transportation Agreement dated as of May 9, 2014, among Alpha Crude Connector, LLC, Concho and the Affiliates of Concho named therein, as amended.

"***Derivative Transaction***" means any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, catastrophe events, weather-related events, credit-related events or conditions, or any indexes or any other similar transaction (including any option with respect to any of these transactions) or combination of any of these transactions.

"***Direct Claim***" is defined in Section 12.5(i).

"***Disclosure Schedules***" means the aggregate of all schedules that set forth exceptions, disclosures or otherwise relate to or are referenced in any of the representations or warranties of Seller set forth in Article 3 or Article 4.

"***Dispute***" is defined in Section 13.3(a).

"***DTPA***" is defined in Section 13.12.

"***Due Diligence Information***" is defined in Section 5.10(b).

"***Effective Time***" means 12:01 a.m. Central Standard Time on January 1, 2017.

"***Environmental Laws***" means all Laws addressing (i) pollution or pollution control, (ii) protection of natural resources, the environment or biological resources or (iii) the disposal or Release or threat of Release of Hazardous Substances, including the following: CERCLA; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*; the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 *et seq.*; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001 *et seq.* and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j, in each case as amended in effect as of the Execution Date, and all similar Laws in effect as of the Execution Date of any Governmental Authority having jurisdiction over the property in question.

"***Environmental Liabilities***" means any and all Damages, remediation obligations, liabilities, environmental response costs, costs to cure, cost to investigate or monitor, restoration costs, costs of remediation or removal, settlements, penalties and fines arising out of or related to any violations or non-compliance with any Environmental Laws, including any contribution obligation under CERCLA or any other Environmental Law or matters incurred or imposed pursuant to any claim or cause of action by a Governmental Authority or other Person, attributable to any failure to comply with Environmental Laws, any Release of Hazardous Substances or any other environmental condition with respect to the ownership or operation of Assets.

"***Environmental Permits***" is defined in Section 4.15(b).

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder and published interpretations thereof.

"***ERISA Affiliate***" means any entity (whether or not incorporated) that, together with Seller, is required to be treated as a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"***Escrow Agent***" means Wells Fargo Bank, N.A. or such other financial institution as the Parties may mutually agree upon.

"***Escrow Agreement***" means that certain Escrow Agreement dated as of the Closing Date among the Parties and the Escrow Agent in the form attached hereto as Exhibit E, subject to any modifications as reasonably requested by the Escrow Agent prior to Closing.

"***Excluded Records***" means any and all:

(a) corporate, financial, Tax and legal data and records of Seller and its Affiliates (other than the Company and its Subsidiaries) that relate primarily to (i) Seller's and its Affiliates (other than the Company and its Subsidiaries) business generally (even if such data or records include information regarding the Subject Securities, the Company, the Subsidiaries, the Gathering System or any other Asset) or (ii) to businesses of Seller and any Affiliate of Seller other than the exploration and production, gathering, sale or transportation of Hydrocarbons;

(b) records to the extent disclosure or transfer is restricted, prohibited or subjected to payment of a fee, penalty or other consideration by any license agreement or other agreement, or by applicable Law, and for which no consent to transfer has been received or for which Purchaser has not agreed in writing to pay such fee, penalty or other consideration, as applicable;

(c) legal records and legal files of Seller and its Affiliates (other than the Company and its Subsidiaries), including all work product of and attorney-client communications with Seller's or its Affiliates' (other than the Company and its Subsidiaries) legal counsel or any other documents or instruments, in each case to the extent such are protected by an attorney-client privilege;

(d) data, correspondence, materials, documents, descriptions and records to the extent relating to the auction, marketing, sales negotiation or sale of any of the Company Securities, the Company, the Subsidiaries, the Gathering System or any other Assets, including the existence or identities of any prospective inquirers, bidders or prospective purchasers of the Gathering System or any of the other Assets, any bids received from and records of negotiations with any such prospective purchasers and any analyses of such bids by any Person; or

(e) any reserve reports, valuations and estimates of any quantities of Hydrocarbons that may be producible from the area served by, or capable of being served by, the Gathering System or any of the other Assets and any pricing assumptions, forward pricing estimates, price decks or pricing studies related thereto, in each case whether prepared by Seller, its Affiliates or any Third Parties.

"***Execution Date***" is defined in the introductory paragraph hereof.

"***Fee Properties***" is defined in Section 4.18(a).

"***Financial Statements***" is defined in Section 4.4.

"***Fraud***" means any actual and intentional fraud with respect to the making of the representations and warranties of a Party under this Agreement or the other Transaction Documents to the extent (a) with respect to Seller, any of the individuals identified in the definition of "Knowledge" for such Party had Knowledge or (b) with respect to Purchaser, if Purchaser had actual knowledge (as opposed to imputed or constructive knowledge) without any duty or obligation of investigation or inquiry, in each case, that the representations and warranties made by such Party hereunder or thereunder were actually breached, inaccurate or incorrect when made, with the express intention that the other Party rely thereon to such Party's detriment.

"***Fundamental Representations***" means (a) with respect to Seller, the representations and warranties of Seller set forth in Section 3.1 through Section 3.4, Section 3.7, Section 4.1 through Section 4.3 and Section 4.9 (including the corresponding representations and warranties given in the Seller Certificate) and (b) with respect to Purchaser, the representations and warranties of Purchaser set forth in Section 5.1 through Section 5.5, Section 5.9 and Section 5.10 (including the corresponding representations and warranties given in the Purchaser Certificate).

"***Gathering System***" means the crude oil gathering system described in Exhibit A.

"***Governing Documents***" means with respect to any Person that is not a natural person, the articles of incorporation or organization, memorandum of association, articles of association and by-laws, the limited partnership agreement, the partnership agreement or the limited liability company agreement or such other organizational documents of such Person which establish the legal personality of such Person. With respect to the Company, "Governing Documents" shall include the LLC Agreement.

"***Governmental Authority***" means any court, tribunal, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city, tribal, quasi-governmental entity or other political subdivision or authority exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power.

"***Hazardous Substances***" means any pollutant, contaminant, dangerous or toxic substance, hazardous or extremely hazardous substance or chemical, or otherwise hazardous material or waste defined as "solid waste," "hazardous waste," "hazardous substance," "extremely hazardous substance," "hazardous material" or "toxic substance" under applicable Environmental Laws, including chemicals, pollutants, contaminants, wastes, toxic substances, which are classified as hazardous, toxic, radioactive or otherwise are regulated by, or form the basis for Damage or liability under, any applicable Environmental Law including hazardous substances under CERCLA; *provided*, *however*, NORM shall not constitute a "Hazardous Substance".

"***Hire Date***" is defined in Section 7.13(b).

"***Holdback Amount***" means an amount equal to five percent (5%) of the Purchase Price, as such amount may be reduced in accordance with Section 12.7.

"***Holdback Release Date***" means the date that is twelve (12) months after the Closing Date.

"***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and regulations promulgated thereunder.

"***HSR Clearance***" means, with respect to the sale by Seller of the Subject Securities to Purchaser as contemplated by this Agreement, the expiration or termination of the waiting period under the HSR Act or the granting of early termination of the waiting period under the HSR Act.

"***HSR Clearance Date***" means the date that HSR Clearance occurs.

"***Hydrocarbons***" means oil and gas and other hydrocarbons produced or processed in association therewith (whether or not such item is in liquid or gaseous form), or any combination thereof, and any minerals (whether in liquid or gaseous form) produced in association therewith, including all crude oil, gas, casinghead gas, condensate, natural gas liquids and other gaseous or liquid hydrocarbons (including ethane, propane, iso-butane, nor-butane, gasoline and scrubber liquids) of any type and chemical composition.

"***Indebtedness***" means, with respect to any Person, at any date, without duplication, (a) all obligations of such Person for borrowed money, including all principal, interest, premiums, fees, expenses, overdrafts and, to the extent required to be carried on a balance sheet prepared in accordance with Accounting Principles penalties with respect thereto, whether short-term or long-term, and whether secured or unsecured, or with respect to deposits or advances of any kind (other than deposits and advances of any Person relating to the purchase of products or services from the Company or its Subsidiaries in the ordinary course of business), (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or debt Securities, (c) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or bankers' acceptances or similar instruments, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, whether contingently or otherwise, as obligor, guarantor or otherwise, (e) any obligations of the Company under-capitalized or synthetic leases with respect to which it is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations it assures a creditor against loss, (f) with respect to the Company, any fees, penalties, premiums or accrued and unpaid interest, with respect to the foregoing that occur on or prior to the Closing Date (in the case of prepayments or otherwise), (g) all guarantees, whether direct or indirect, by such Person of indebtedness of others or indebtedness of any other Person secured by any assets of such Person, (h) all other obligations of a Person which would be required to be shown as indebtedness on a balance sheet of such Person prepared in accordance with the Accounting Principles and (i) any obligations that have the effect of the foregoing.

"***Indemnified Person***" is defined in Section 12.5(a).

"***Indemnifying Party***" is defined in Section 12.5(a).

"***Indemnity Deductible***" means an amount equal to one and one-half percent (1.5%) of the Purchase Price.

"***Individual Threshold***" means, (a) with respect to the obligations of Seller set forth in Section 12.2(a) an amount equal to One Hundred Fifty Thousand Dollars ($150,000.00) and (b) with respect to the obligations of Seller set forth in Section 12.2(b), an amount equal to the Seller Share of One Hundred Fifty Thousand Dollars ($150,000.00).

"***Intellectual Property Rights***" means material rights in any of the following to the extent subject to protection under applicable Law: (a) trademarks, service marks and trade names; (b) patents; (c) copyrights; (d) internet domain names; (e) trade secrets and other proprietary and confidential information and (f) any registrations or applications for registration for any of the foregoing.

"***Inventory***" means the Hydrocarbon line fill inventory in the pipelines and storage tanks owned by the Company.

"***Knowledge***" means, with respect to Seller, the actual knowledge, without any duty or obligation of investigation or inquiry, of only those Persons named on Schedule 1.2; *provided*, *however*, with respect to the representations and warranties set forth in Section 4.1, Section 4.7,

Section 4.8 and Section 4.13(b), "Knowledge" with respect to Seller shall also include the actual knowledge, without any duty or obligation of investigation or inquiry, of those Persons named on Schedule 1.2 to the Class A Purchase Agreement.

"***Laws***" means all laws, statutes, rules, regulations, ordinances, orders, decrees, requirements, judgments and codes of Governmental Authorities.

"***Leased Properties***" is defined in Section 4.18(b).

"***Lien***" means any lien (statutory or other and including any federal or state tax lien), mortgage, pledge, collateral assignment, easement, encroachment, right of way, encumbrance, judgment or other similar verdict or order, covenant, equitable interest or security interest of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing.

"***LLC Agreement***" means that certain Limited Liability Company Agreement of the Company, adopted as of June 9, 2016, by and between Seller and Concho, as amended from time to time.

"***Low-Flow Site***" means any portion of the Gathering System located between a Receipt Point (as such term is defined in the Dedication Agreement) and the location of the first pig launcher downstream of such Receipt Point (as such term is defined in the Dedication Agreement).

"***Management Agreement***" means that certain Management Agreement dated as of May 9, 2014, by and among Alpha Crude Connector, LLC, Alpha Marketing, LLC, Frontier Energy Partners, LLC and Concho (as such agreement may be amended, supplemented, restated or modified from time to time).

"***Management Agreement Termination***" means a termination and partial and release and waiver in the form attached hereto as Exhibit F.

"***Material Adverse Effect***" means any event, change or circumstance that (a) has or could reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ownership, operation, Assets, business, prospects or condition (financial or otherwise) of the Business or the Gathering System as currently operated as of the Execution Date or (b) prevents or materially delays the performance of Seller's obligations and covenants hereunder that are to be performed at Closing; *provided*, *however*, that "Material Adverse Effect" shall not include material adverse effects resulting from (i) general changes in Hydrocarbon prices; (ii) changes in condition or developments generally applicable to the oil and gas industry in the United States or any area or areas where the Assets are located, including any increase in operating costs or capital expenses or any reduction in drilling activity or production; (iii) general economic, financial, credit or political conditions and general changes in markets, including changes generally in supply, demand, price levels or interest or exchange rates; (iv) orders, acts or failures to act of Governmental Authorities; (v) acts of God, including hurricanes, tornados, meteorological events and storms; (vi) general labor unrest, strikes, civil unrest or similar disorder, terrorist acts, embargo, sanctions or interruption of trade, or any outbreak, escalation or

worsening of hostilities or war; (vii) any reclassification or recalculation of reserves in the ordinary course of business; (viii) changes in Laws or the Accounting Principles or the interpretation thereof; (ix) any effect resulting from any action taken by Purchaser or any Affiliate of Purchaser, other than those expressly permitted in accordance with the terms of this Agreement; (x) action taken by Seller or any Affiliate of Seller with Purchaser's written consent or that are otherwise expressly permitted or not expressly prescribed hereunder; (xi) any Casualty Loss; (xii) effects or changes that are cured or no longer exist by the earlier of the Closing and the termination of this Agreement pursuant to Article 11; (xiii) any change in the financial condition or results of operation of Purchaser or its Affiliates; (xiv) entering into this Agreement or the announcement of the transactions contemplated hereby or the performance of the covenants set forth in Article 7 or (xv) any matters, facts or disclosures set forth in the Disclosure Schedules; *provided further*, *however*, that any event, occurrence, fact, condition or change referred to in clauses (i) through (viii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Business or Gathering System compared to other participants in the oil and gas gathering industry, generally.

"***Material Contract***" means, to the extent binding on the Gathering System or Purchaser's ownership thereof after Closing, any Contract that is (a) one or more of the following types and (b) with respect to the Contracts set forth in clauses (ii), (v), (vi) and (vii), that can reasonably be expected to result in gross revenue or gross expenditures per fiscal year in excess of One Million Dollars ($1,000,000.00):

(i) Contracts with any Affiliate, officer or director of Seller or with any officer or director of the Company or any Subsidiary, that will not be terminated on or prior to Closing;

(ii) to the extent currently pending, Contracts of Seller for the acquisition or disposition of any business (whether by merger, sale of stock or units, sale of Assets or otherwise) or granting to any Person a right of first refusal, first offer or right to purchase any of the Assets material to the conduct of the Business or any direct or indirect ownership interest therein;

(iii) each Contract that constitutes a pipeline interconnect or facility operating agreement;

(iv) any joint development agreement, participation agreement, partnership agreement, joint venture agreement or similar agreement;

(v) each Contract or series of related Contracts involving a remaining commitment to pay capital expenditures;

(vi) each Contract for lease of personal property or real property;

(vii) each Hydrocarbon purchase and sale, gathering, transportation, treating, dehydration or similar Contract and any Contract for the provision of services relating to the purchase or sale, gathering, pumping, collection treating or transportation of crude oil or other

Hydrocarbons that is not cancellable without penalty on one hundred twenty (120) days or less prior written notice;

(viii) each Contract that provides for a limit on the ability of the Company or any of its Subsidiaries to compete in any line of business or in any geographic area during any period of time;

(ix) each Contract evidencing Indebtedness, whether secured or unsecured, including all loan agreements, line of credit agreements, indentures, mortgages, promissory notes, agreements concerning long and short-term debt, together with all security agreements or other Lien documents related to or binding on the Assets after the Closing;

(x) each Contract that requires the Company or its Subsidiaries to purchase its total requirements of any product or service from a Third Party or that contain "take or pay" or similar provisions;

(xi) other than any ordinary course permits, licenses or other authorizations from any Governmental Authority (including Environmental Permits), each Contract with any Governmental Authority to which the Company or its Subsidiaries is a party;

(xii) each Contract for any Derivative Transaction; and

(xiii) each Contract containing an acreage dedication or other similar provision.

""***Non-Fundamental Representations***" means (a) with respect to Seller, all representations and warranties of Seller set forth herein and in the other Transaction Documents (including the corresponding representations and warranties given in the Seller Certificate), excepting and excluding any and all Fundamental Representations of Seller and (b) with respect to Purchaser, all representations and warranties of Purchaser set forth herein and in the other Transaction Documents (including the corresponding representations and warranties given in the Purchaser Certificate), excepting and excluding any and all Fundamental Representations of Purchaser.

"***Non-Solicit Period***" is defined in Section 7.13(h).

"***NORM***" means naturally occurring radioactive material, radon gas and asbestos.

"***Notice***" is defined in Section 13.1.

"***Party***" or "***Parties***" is defined in the introductory paragraph hereof.

"***Pending Claims***" is defined in Section 12.7(b).

"***Permitted Encumbrances***" means any or all of the following:

(a) any Liens, deeds of trust, mortgages and similar instruments securing any Indebtedness of the Company or any of its Subsidiaries;

(b) the terms of any Contract described on Schedule 4.13(a), Rights of Way or Realty Interest;

(c) all (i) rights of first refusal, preferential purchase rights and similar rights with respect to the Assets, (ii) Consents or (iii) other consent requirements and similar restrictions that, in each case, are not applicable to the sale of the Subject Securities contemplated by this Agreement or the sale of the Class A Units pursuant to the Class A Purchase Agreement;

(d) Liens created under Rights of Way, Realty Interests or Contracts, Liens for Taxes, materialman's Liens, warehouseman's Liens, workman's Liens, carrier's Liens, mechanic's Liens, vendor's Liens, repairman's Liens, employee's Liens, contractor's Liens, operator's Liens, construction Liens and other similar Liens arising in the ordinary course of business, in all cases only to the extent such Liens secure amounts or obligations not yet delinquent (including any amounts being withheld as provided by Law) or, if delinquent, are being contested in good faith by appropriate actions and for which adequate reserves are taken into account in the determination of Effective Time Working Capital (as defined in the Class A Purchase Agreement) in accordance with Accounting Principles;

(e) rights of reassignment arising upon the expiration or final intention to abandon or release any of the Assets excepting circumstances where those rights have already been triggered;

(f) any easement, right of way, covenant, servitude, permit, surface lease, condition, restriction and other rights included in or burdening the Assets for the purpose of surface or subsurface operations, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs and other like purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, in each case, to the extent recorded in the applicable Governmental Authority recording office as of the Execution Date and that does not, individually or in the aggregate, materially impair the use of such property for the purposes for which it is owned and operated as of the Execution Date or the operation of the Business or materially detract from the value of the Assets subject thereto or affected thereby (as operated as of the Execution Date);

(g) all applicable Laws and rights reserved to or vested in any Governmental Authority (i) to control or regulate any of the Assets in any manner, (ii) to assess Tax with respect to the Assets, the ownership, use or operation thereof, or revenue, income or capital gains with respect thereto, (iii) by the terms of any right, power, franchise, grant, license or permit, or by any provision of Law, to terminate such right, power, franchise grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the Assets, (iv) to use such property in a manner which does not, individually or in the aggregate, (A) materially impair (I) the use of such property for the purposes for which it is owned and operated as of the Execution Date or (II) the operation of the Business or (B) materially detract from the value of the Assets subject thereto or affected thereby (as operated as of the Execution Date) or (v) to enforce any obligations or duties affecting the Assets to any Governmental Authority with respect to any franchise, grant, license or permit, to the extent the current use of the Assets is in compliance with such franchises, grants, licenses or permits;

(h) rights of any common owner of any interest in Rights of Way currently held by Company or any Subsidiary and such common owner as tenants in common or through common ownership, so long as such rights do not, individually or in the aggregate, (i) materially impair (A) the use of such property for the purposes for which it is owned and operated as of the Execution Date or (B) the operation of the Business or (ii) materially detract from the value of the Assets subject thereto or affected thereby (as operated as of the Execution Date);

(i) any (i) failure of the records of any Governmental Authority to reflect Company or any Subsidiary as the owner of any Asset, to the extent not required by Law to be so reflected, *provided* that the instruments evidencing the conveyance of such title to Company or any Subsidiary from its immediate predecessor in title are recorded in the real property, conveyance or other Records of the applicable county or (ii) delay or failure of any Governmental Authority to approve the assignment of any Right of Way to Company unless such approval has been expressly denied or rejected in writing by such Governmental Authority;

(j) any other Liens, defects, burdens or irregularities which are based solely on references to any document if a copy of such document is not in Company's or any Subsidiary's files or of record;

(k) any Liens, defects, irregularities or other matters (i) set forth or described in the Disclosure Schedules, excluding Schedule 7.15, (ii) that are expressly waived in writing, cured or otherwise discharged in full at or prior to Closing;

(l) the express terms and conditions of the LLC Agreement and other Governing Documents of the Company or its Subsidiaries, this Agreement or any other Transaction Document;

(m) Liens created under deeds of trust, mortgages and similar instruments by the grantor (or its predecessor in interest) under a Right of Way or Realty Interest covering such grantor's (or predecessor in interest's) surface interests in the land covered thereby to the extent such grantor is not in default under such instruments and such mortgages, deeds, of trust or similar instruments (i) do not contain express language that prohibits the lessors from entering into a Right of Way or Realty Interest or otherwise invalidates a Right of Way or Realty Interest and (ii) no mortgagee or lienholder of any such deeds of trust, mortgage and similar instrument has, prior to the Closing Date, initiated foreclosure or similar proceedings against the applicable grantor (or its predecessor in interest) under any such Right of Way or Realty Interest;

(n) any Lien, obligation, burden or defect arising out of lack of survey or lack of metes and bounds descriptions, unless a survey or metes and bounds legal description is required by applicable Law;

(o) any Lien, obligation, burden or defect in the chain of the title consisting of the failure to recite marital status in a document or omissions of succession or heirship proceedings, unless affirmative evidence shows that such failure or omission results in another party's actual and superior claim of title to the Assets;

(p) any Lien, obligation, burden or defect arising out of lack of corporate or entity authorization, unless affirmative evidence shows that such corporate or entity action was not authorized and results in another party's actual and superior claim of title to the Assets;

(q) any Lien, obligation, burden or defect that is cured, released or waived by any Law of limitation or prescription, including adverse possession;

(r) any Lien, obligation, burden or defect arising from any change in applicable Law after the Execution Date;

(s) any Lien, obligation, burden, defect or loss of title resulting from Company's or any Subsidiary's conduct of business in compliance with this Agreement; or

(t) any Liens, defects, irregularities or other matters which do not, individually or in the aggregate, materially detract from the operation or value of the Assets subject thereto or affected thereby (as operated as of the Execution Date).

"***Person***" means any individual, corporation, partnership, limited liability company, trust, estate, Governmental Authority or any other entity.

"***Phase I***" is defined in Section 7.1(a).

"***Phase II***" is defined in Section 7.1(a).

"***Pre-Effective Time Period***" means any Tax period ending before the Effective Time.

"***Purchase Price***" is defined in Section 2.2.

"***Purchaser***" is defined in the introductory paragraph hereof.

"***Purchaser 401(k) Plan***" is defined in Section 7.13(f).

"***Purchaser Benefit Plan***" is defined in Section 7.13(d).

"***Purchaser Certificate***" is defined in Section 9.3(d).

"***Purchaser Group***" is defined in Section 12.2.

"***Purchaser Parent***" means Plains All American Pipeline, L.P.

"***Purchaser's Representatives***" is defined in Section 7.1(a).

"***Realty Interests***" is defined in subsection (c) of the definition of "Assets".

"***Records***" means all books, records, files, data, information, drawings and maps to the extent (and only to the extent) related to the Subject Securities, the Company, the Subsidiaries, the Gathering System or any other Assets, including electronic copies of all computer records where available, contract files, Rights of Way files, title information (including abstracts, evidences of rental payments, maps, surveys and data sheets), engineering files, incident reports and environmental records (including any environmental audits or assessments conducted with

respect to the Assets or the Business), but excluding, however, in each case, the Excluded Records.

"***Release***" means any discharge, emission, spilling, leaking, pumping, pouring, placing, depositing, injecting, dumping, burying, leaching, migrating, discarding, emptying, escaping, seeping, abandoning or disposing into or through the environment of any Hazardous Substance, including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance.

"***Released Claims***" means any and all Damages incurred by Company Group after Closing at any Low-Flow Site that are attributable to, arising out of or related to internal corrosion of the portions of the Gathering System corresponding to such Low-Flow Site (including Damages for repair and remediation of such Low-Flow Site and the Right of Way or Realty Interest pertaining to such Low-Flow Site); *provided*, *however*, that this definition of "Released Claims" shall only apply to the first thirty (30) Low-Flow Sites for which Damages are incurred by Company Group after Closing.

"***Right***" means any option, warrant, convertible or exchangeable security or other right, however denominated, to subscribe for, purchase or otherwise acquire any Security of any class, with or without payment of additional consideration in cash or property, either immediately or upon the occurrence of a specified date or a specified event or the satisfaction or happening of any other condition or contingency.

"***Rights of Way***" is defined in subsection (b) of the definition of "Assets".

"***Securities***" means any equity interests or other security of any class, any option, warrant, convertible or exchangeable security (including any membership interest, equity unit, partnership interest, trust interest) or other right, however denominated, to subscribe for, purchase or otherwise acquire any equity interest or other security of any class, with or without payment of additional consideration in cash or property, either immediately or upon the occurrence of a specified date or a specified event or the satisfaction or happening of any other condition or contingency; *provided*, *however*, "Securities" expressly exclude any real property interests or interests in any Hydrocarbon leases, fee minerals, reversionary interests, non-participating royalty interests, executive rights, non-executive rights, royalties and any other similar interests in minerals, overriding royalties, reversionary interests, net profit interests, production payments and other royalty burdens and other interests payable out of production of Hydrocarbons.

"***Seller***" is defined in the introductory paragraph hereof.

"***Seller-Specific Representations***" means the representations and warranties set forth in Article 3.

"***Seller 401(k) Plan***" means the Seller Benefit Plan that is a tax-qualified defined contribution plan under Section 401(a) of the Code and contains a Section 401(k) feature.

"***Seller Benefit Plan***" means (a) each "employee benefit plan" as defined in Section 3(3) of ERISA and (b) each personnel policy, equity option plan, equity appreciation rights plan, restricted equity plan, phantom equity plan, equity based compensation arrangement, bonus plan

or arrangement, incentive award plan or arrangement, vacation policy, severance pay plan, policy or agreement, deferred compensation agreement or arrangement, executive compensation or supplemental income arrangement, consulting agreement, employment agreement, retention agreement, change of control agreement and each other employee benefit plan, program, policy or agreement which is not described in clause (a) above, in each case, sponsored, maintained or contributed to, or required to be contributed to, by Seller or any ERISA Affiliate.

"***Seller Certificate***" is defined in Section 9.2(d).

"***Seller Group***" is defined in Section 12.1.

"***Seller Share***" means an amount, expressed as a percentage, equal to the quotient of the Purchase Price, *divided by* the Unadjusted Purchase Price (as defined in the Class A Purchase Agreement).

"***Seller Taxes***" means any and all (a) Taxes imposed on the Company or any Subsidiary of the Company (i) for any Pre-Effective Time Period and for the portion of any Straddle Period ending before the Effective Time (determined in accordance with Section 10.3) or (ii) that were incurred from transactions occurring outside the ordinary course of business on or after the Effective Time but prior to the Closing and (b) Taxes for which the Company or any Subsidiary of the Company becomes liable by reason of (i) being a member of an affiliated, combined, consolidated, unitary or aggregate group (other than any such group of which only the Company and one or more of its Subsidiaries are members) at any time prior to the Closing, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar provision under any state, local or foreign Tax Law, (ii) being a successor-in-interest or transferee of any other Person as a result of an event or transaction occurring prior to Closing, (iii) the operation of any Law or otherwise, which Taxes relate to an event or transaction, other than an event or transaction undertaken by Purchaser or an Affiliate thereof (other than the Company or any of its Subsidiaries), occurring prior to the Effective Time or occurring outside the ordinary course of business on or after the Effective Time but prior to the Closing or (iv) having an express or implied obligation to indemnify any other Person under any Tax allocation Contract, Tax sharing Contract, Tax indemnity Contract or other similar Contract relating primarily to Taxes that was executed or in effect at any time prior to Closing; *provided* that no such Tax will constitute a Seller Tax to the extent such Tax was included as a Working Capital Liability (as defined in the Class A Purchase Agreement) in the final determination of Effective Time Working Capital (as defined in the Class A Purchase Agreement).

"***Specified Claims***" is defined on Schedule 13.11.

"***Straddle Period***" means any Tax period beginning before and ending after the Effective Time.

"***Subject Securities***" means the Class B Units (as defined in the LLC Agreement).

"***Subsidiary***" means with respect to the Company, any Affiliate of the Company that is controlled by the Company.

"***Target Closing Date***" is defined in Section 9.1.

"***Tax Proceeding***" is defined in Section 10.4.

"***Tax Return***" means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

"***Taxes***" means any taxes, assessments and other governmental charges in the nature of a tax imposed by any Governmental Authority, including income, profits, net proceeds, alternative or add on minimum, ad valorem, real property, personal property (tangible and intangible), value added, sales, use, unclaimed property or escheat liability, excise, duty, franchise, capital stock, transfer, registration license, withholding, social security (or similar), unemployment, disability, payroll, employment, social contributions, fuel, excess profits, premium windfall profit, severance, production, estimated or other taxes, assessments and charges, including any interest, penalty or addition thereto, whether disputed or not.

"***Termination Date***" is defined in Section 11.1.

"***Third Party***" means any Person other than Seller, Purchaser or any of their respective Affiliates.

"***Third Party Claim***" is defined in Section 12.5(c).

"***Title Curative Deadline***" means the date one hundred and twenty (120) days after the Closing Date.

"***Transaction Documents***" means (a) this Agreement, (b) the Assignment, (c) the Confidentiality Agreement, (d) the Transition Services Agreement, (e) the Escrow Agreement, (f) the Management Agreement Termination and (g) each other agreement, document, certificate or other instrument that is contemplated to be executed by or between the Parties (or their Affiliates) pursuant to or in connection with any of the foregoing.

"***Transfer Taxes***" is defined in Section 10.1.

"***Transferred Employee***" is defined in Section 7.13(c).

"***Transition Services Agreement***" is defined in Section 9.2(c).

"***VDR***" means that certain virtual data room maintained by Seller at the Intralinks website (https://www.intralinks.com/).

"***WARN Act***" is defined in Section 7.13(g).

Section 1.2 **Interpretation**. In this Agreement, unless a clear contrary intention appears: (a) the singular form includes the plural form and vice versa; (b) reference to any Person includes such Person's successors and assigns but only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) reference to any gender includes each other gender; (d) reference to any agreement (including this Agreement), document or instrument means, unless

specifically provided otherwise, such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any Law or other legislation means, unless specifically provided otherwise, such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Law means, unless specifically provided otherwise, that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) reference in this Agreement to any Article, Section, Appendix, Schedule or Exhibit means such Article or Section hereof or Appendix, Schedule or Exhibit hereto; (g) ”hereunder,” “hereof,” “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision thereof; (h) ”including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; (i) ”or” is not exclusive; (j) relative to the determination of any period of time, “from” means “from and including” and “to” means “to but excluding”; (k) the Schedules and Exhibits attached to this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein; *provided* that in the event a word or phrase defined in this Agreement is expressly given a different meaning in any Schedule or Exhibit, such different definition shall apply only to such Schedule or Exhibit defining such word or phrase independently, and the meaning given such word or phrase in this Agreement shall control for purposes of this Agreement, and such alternative meaning shall have no bearing or effect on the interpretation of this Agreement; (l) all references to “Dollars” means United States Dollars; (m) references to “days” shall mean calendar days, unless the term “Business Days” is used; (n) except as otherwise provided herein, all actions which any Person may take and all determinations which any Person may make pursuant to this Agreement may be taken and made at the sole and absolute discretion of such Person and (o) accounting terms used and not expressly defined herein have the respective meanings given to them under the Accounting Principles.

ARTICLE 2
PURCHASE AND SALE

Section 2.1 **Purchase and Sale**. On the terms and conditions contained in this Agreement at the Closing, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase, accept and pay for, the Subject Securities.

Section 2.2 **Purchase Price**. The purchase price for the Subject Securities shall be Three Hundred Sixty Five Million, Eight Hundred Twenty One Thousand, Four Hundred Thirty Eight dollars ($365,821,438.00) (the “***Purchase Price***”).

Section 2.3 **Closing Payment and Post-Closing Adjustments**.

(a) At the Closing, Purchaser shall deliver the Closing Payment to Seller via a wire transfer of immediately available funds to such banks and accounts and wiring institutions as may be specified by Seller in writing no later than four (4) Business Days prior to Closing.

(b) All adjustments and payments made pursuant to this Article 2 shall be without duplication of any other amounts paid, credited, debited or received under this Agreement.

Section 2.4 **Allocation of Purchase Price**. Within thirty (30) days after the Cut-Off Date (as such term is defined in the Class A Purchase Agreement), Seller and Purchaser shall use commercially reasonable efforts to agree and to agree with Concho upon an allocation of the fair market value of the Company (derived based upon the Adjusted Purchase Price (as such term is defined in the Class A Purchase Agreement)) among the assets of the Company and its Subsidiaries for U.S. federal income tax purposes. If Seller, Purchaser and Concho are able to agree on such allocation, Seller and Purchaser shall, and shall cause their Affiliates to, report consistently with such allocation, as adjusted, in all Tax Returns, including, but not limited to any statements required under Treasury Regulations Section 1.751-1(a)(3) and any allocation required under Section 755 of the Code, and neither Seller nor Purchaser shall take any position in any Tax Return that is inconsistent with such allocation, as adjusted, in each case, unless required to do so by a final determination as defined in Section 1313 of the Code; provided, however, nothing in this Agreement shall prevent either Party from settling any proposed deficiency or adjustment from a Governmental Authority arising from such allocation and neither Party shall be required to litigate any proposed deficiency or adjustment from a Governmental Authority arising from such allocation. Seller and Purchaser agree to promptly advise each other regarding the existence of any Tax audit, controversy or litigation related to such allocation, as adjusted.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES REGARDING SELLER

Subject to the provisions of this Article 3 and the other terms and conditions of this Agreement and the exceptions and matters set forth in the Disclosure Schedules, Seller represents and warrants to Purchaser as follows:

Section 3.1 **Organization, Existence and Qualification**. Seller is (a) a Delaware limited liability company, duly formed, validly existing and in good standing under the Laws of the state of Delaware and (b) except where the failure to do so does not result in a Material Adverse Effect, is duly qualified to carry on its business in the states where it is required to do so.

Section 3.2 **Power**. Seller has the limited liability company power to enter into and perform this Agreement and the other Transaction Documents and to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

Section 3.3 **Authorization and Enforceability**. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller (and all Transaction Documents required to be executed and delivered by Seller at Closing shall be duly executed and delivered by Seller) and this Agreement constitutes, and at the Closing such Transaction Documents shall constitute, the valid and binding obligations of Seller, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights

and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

Section 3.4 **No Conflicts**. Except as set forth on Schedule 3.4, and subject to obtaining any consents or termination of waiting periods under the HSR Act, the execution, delivery and performance of this Agreement and the other Transaction Documents by Seller and the consummation of the transactions contemplated by this Agreement, do not (a) violate any provision of the Governing Documents of Seller or any agreement or instrument to which Seller is a party or by which Seller is bound, (b) result in the creation of any Lien on the Subject Securities, (c) result in a material default (with due notice or lapse of time or both) or give rise to any right of termination, cancellation or acceleration under any material note, bond, mortgage, indenture, other financing instruments or any material Contract to which Seller is a party or by which it is bound (which shall not be satisfied, assigned or terminated on or prior to the Closing as a result of the transactions contemplated hereunder), (d) violate, in any material respect, any judgment, order, permit, ruling or decree of any Governmental Authority applicable to Seller as a party in interest, (e) violate, in any material respect, any Laws applicable to Seller, (f) provide any Person other than Purchaser with the right to exercise any right of first refusal to purchase or other right to purchase the Subject Securities nor (g) require that any Consents be obtained, made or complied with.

Section 3.5 **Litigation**. Except as set forth on Schedule 3.5 or any action, suit or proceeding filed by any Governmental Authority after the Execution Date related to or arising out of the HSR Act, there are no material actions, suits or proceedings (including condemnation, expropriation or forfeiture proceedings) (a) pending before any Governmental Authority or arbitrator against Seller seeking to prevent the consummation of the transactions contemplated hereby, (b) relating to this Agreement, the consummation of the transactions contemplated hereunder or the Subject Securities or (c) to Seller's Knowledge, threatened with reasonable specificity by any Third Party or Governmental Authority against Seller seeking to prevent the consummation of the transactions contemplated hereby.

Section 3.6 **Bankruptcy**. There are no bankruptcy, reorganization or receivership proceedings pending against, being contemplated by, or, to the Knowledge of Seller, threatened against, Seller.

Section 3.7 **Ownership of Subject Securities**.

(a) Seller is the sole record and beneficial owner of all of the Subject Securities, free and clear of all Liens (other than restrictions on transfer pursuant to applicable securities Laws or the applicable Governing Documents of the Company).

(b) At the Closing, the delivery by Seller to Purchaser of the Assignment will vest Purchaser with good and marketable title to all of the Subject Securities free and clear of all Liens (other than restrictions on transfer pursuant to applicable securities Laws or the applicable Governing Documents of Company and Liens and other matters arising by, through or under Purchaser or its Affiliates).

(c) Except as provided in the Governing Documents of the Company, the Credit Facility and any Liens securing the Credit Facility Indebtedness, (i) Seller has not entered into and

is not bound by any commitment with respect to the Company Securities and is not a party to (A) any Contract (other than this Agreement) that could require Seller to dispose of or create a Lien on any of the Company Securities or any part or interest therein or (B) any voting trust, proxy or other agreement or understanding with respect to voting any of the Company Securities, (ii) Seller does not own, directly or indirectly, any Securities, rights exercisable or convertible therefor or commitments to acquire Securities in or to the Company other than the Company Securities and (iii) Seller is not a party to any Contract that restricts the right to dispose or create a Lien on any Company Securities or any part thereof or interest therein.

Section 3.8 **Company Governing Documents**. Except as set forth on Schedule 3.8, (a) the Governing Documents of Company, assuming due execution and delivery by the other counterparties (if any) thereto, constitutes the legal, valid and binding obligation of Seller and, to Seller's Knowledge as of the Execution Date, the other counterparties thereto (if any), in each case in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforceability is considered in a proceeding at Law or in equity) and (b) Seller is not in default of or breach under, and has not received any written notice of Seller's default or breach of, any Governing Document of the Company, the resolution of which is currently outstanding.

Section 3.9 **Employee Benefits**.

(a) No Seller Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code and, within the six (6) years immediately preceding the Closing Date, neither Seller nor any of its ERISA Affiliates have sponsored, maintained, contributed to or been required to contribute or have any liability with respect to a plan subject to Title IV of ERISA or Section 412 of the Code. There are no Liens, liabilities or encumbrances on the Assets arising in connection with the Seller Benefit Plans that would be a Lien, liability or encumbrance on the Subject Securities, the Assets, the Purchaser or any of its ERISA Affiliates following the Closing.

(b) The Seller 401(k) Plan has been established, maintained and administered in accordance with its terms and applicable Laws in all material respects.

(c) With respect to each Seller Benefit Plan that is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) and intended to be qualified under Section 401(a) of the Code the Seller or the applicable ERISA Affiliate of Seller has received a favorable determination letter from the Internal Revenue Service or, in the case of a master or prototype document, is entitled to rely on a favorable opinion letter issued with respect to such plan, and, to Seller's Knowledge, no circumstances exist that would reasonably be expected to result in the disqualification of such Seller Benefit Plan under Section 401(a) of the Code or subject Seller or any of its ERISA Affiliates to any material liability, penalty or tax under ERISA, the Code or any other applicable Laws. To the Knowledge of Seller, the Seller 401(k) Plan is not under audit or investigation by any Governmental Authority.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY AND THE SUBSIDIARIES

Subject to the provisions of this Article 4 and the other terms and conditions of this Agreement and the exceptions and matters set forth on the Disclosure Schedules, Seller represents and warrants to Purchaser as follows:

Section 4.1 **Existence, Qualification and Power**. The Company and each Subsidiary are each (a) a limited liability company, duly organized, validly existing and in good standing under the Laws of the state of its formation (as set forth in Schedule 4.1), (b) duly qualified to carry on the Business in the states where the Assets of each such Person are located and those other states where it is required to be so qualified, and (c) has the requisite limited liability company power and authority necessary to own, lease, or operate its properties and Assets and carry on the Business as presently conducted. Neither the Company nor its Subsidiaries is in breach of any provisions of its Governing Documents and there are no pending or, to the Seller's Knowledge, threatened in writing proceedings for the dissolution, liquidation, or insolvency, of the Company or its Subsidiaries. The Company and its Subsidiaries have never conducted any business other than the Business.

Section 4.2 **No Conflicts; Consents**. Except as set forth on Schedule 4.2 and subject to termination of waiting periods under the HSR Act, the execution, delivery and performance of this Agreement and the other Transaction Documents by Seller, and the consummation of the transactions contemplated by this Agreement, do not (a) violate any provision of the Governing Documents of the Company, the Subsidiaries or any agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound (other than the Credit Facility), (b) result in the creation of any Lien on the Company Securities or any Securities of the Subsidiaries, (c) result in any material default (with due notice or lapse of time or both) or give rise to any right of termination, cancellation or acceleration under any material note, bond, mortgage, indenture, other financing instrument or Material Contract to which Company or any Subsidiary is a party or by which it is bound (which shall not be satisfied, assigned or terminated on or prior to the Closing as a result of the transactions contemplated hereunder), (d) violate, in any material respect, any judgment, order, ruling or decree of any Governmental Authority applicable to Company or any Subsidiary as a party in interest, (e) violate, in any material respect, any Laws applicable to Company or any Subsidiary nor (f) require that any Consents be obtained, made or complied with.

Section 4.3 **Capitalization of Company and the Subsidiaries**.

(a) The Company Securities and all Securities of the Subsidiaries have been duly authorized, are validly issued and outstanding, fully paid and non-assessable (except as such non-assessability may be affected by Section 18-607 of the Delaware Limited Liability Company Act) and were not issued in violation of any Right or any provision of state or federal securities Law.

(b) Except as expressly set forth in the Governing Documents of the Company and the Subsidiaries, as applicable, (i) there are no outstanding preemptive or other outstanding Rights with respect to the Securities of the Company or the Subsidiaries, (ii) there are no appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription

agreements, rights of first offer, rights of first refusal, tag along rights, drag along rights, subscription rights, or commitments or other rights or contracts of any kind or character relating to or entitling any Person to purchase or otherwise acquire any Securities of the Company or the Subsidiaries or requiring the Company or any Subsidiary to issue, transfer, convey, assign, redeem or otherwise acquire or sell any Securities, (iii) there are no equity holder agreements, voting agreements, proxies, or other similar agreements or understandings with respect to the Company Securities or any of the Securities of the Subsidiaries and (iv) no Securities of Company or any Subsidiary are reserved for issuance.

(c) As of the Closing, the Company Securities will constitute all of the issued and outstanding Securities in Company.

(d) No Securities of Company or any Subsidiary have been offered, issued, sold or transferred in violation of any applicable Law or preemptive or similar rights. Neither Company nor any Subsidiary is under any obligation, contingent or otherwise, by reason of any contract or agreement to register the offer and sale or resale of any of its Securities under the Securities Act of 1933, as amended or otherwise modified. The Company or one of its Subsidiaries owns of record and beneficially all of the outstanding shares of capital stock or other Securities of each of the Subsidiaries, free and clear of all Liens (other than restrictions on transfer pursuant to applicable securities Laws or the applicable Governing Documents of each such Subsidiary).

(e) Except for the Subsidiaries, Company does not own, and has not owned, directly or indirectly, any Securities of or in, any Person (other than Company or the Subsidiaries) and does not and has not owned any subsidiaries.

(f) Schedule 4.3(f) sets forth (i) the name and state of formation of each Subsidiary of the Company, (ii) the amount and classification of each such Subsidiary's authorized and outstanding Securities, (iii) the record owner of each such Subsidiary's Securities, (iv) the names of the officers, directors or managers of the Company and each Subsidiary, and (v) the jurisdictions in which the Company and each Subsidiary is qualified or holds licenses to do business as a foreign entity.

(g) Prior to Execution Date, Seller has provided Purchaser access, via the VDR or otherwise, to complete and accurate copies of each Governing Document of Company and each Subsidiary, including all amendments thereto, as each are in full force and effect.

Section 4.4 **Financial Statements**. Company has delivered to Purchaser complete and accurate copies of (a) the audited balance sheet of Company as at December 31, 2015 and the related unaudited statements of income and of cash flow of Company for the year then ended and (b) the unaudited balance sheet of Company as at October 31, 2016 and the related statements of income and cash flows of Company for the ten (10) month period then ended (such statements are referred to herein as the "***Financial Statements***"). Except as set forth on Schedule 4.4, each of the Financial Statements has been prepared in accordance with the Accounting Principles consistently applied by Company and without modification of the Accounting Principles used in the preparation thereof throughout the periods presented, presents fairly in all material respects the financial position, results of operations and cash flows of Company and the Subsidiaries as at the dates and for the periods indicated therein and are consistent with the Records of the Company and its Subsidiaries, except

that the unaudited Financial Statements do not contain footnote disclosures and other presentation items and the Financial Statements for the ten (10) month period ended October 31, 2016 are subject to normal year-end adjustments. For the purposes hereof, the unaudited balance sheet of Company as at October 31, 2016 is referred to as the "***Balance Sheet***" and October 31, 2016 is referred to as the "***Balance Sheet Date.***"

Section 4.5 **No Undisclosed Liabilities**. Except with respect to Environmental Laws and Environmental Liabilities, which are solely addressed in Section 4.15 and Section 6.2, and Tax matters, which are addressed in Section 4.9, Section 4.11 and Article 10, neither the Company nor any of its Subsidiaries have any commitments, liabilities, obligations or Indebtedness, that are required by the Accounting Principles to be included on an unaudited balance sheet of the Company (and, if applicable, its Subsidiaries), in each case, other than those items that are reflected in, reserved against or otherwise described on Schedule 4.5. Except as (a) set forth on Schedule 4.5, the Balance Sheet or the notes thereto, (b) are not, individually or in the aggregate, material to Company and its Subsidiaries, (c) are incurred in the ordinary course of business since the Balance Sheet Date, (d) are included in Effective Time Working Capital (as defined in the Class A Purchase Agreement) or constitute Transaction Costs (as defined in the Class A Purchase Agreement) for which the Unadjusted Purchase Price (as defined in the Class A Purchase Agreement) has been adjusted pursuant to Section 2.4(f) of the Class A Purchase Agreement or (e) are not required under the Accounting Principles to be disclosed, reflected, reserved against or otherwise provided for in the Financial Statements or disclosed in the notes thereto, the Company and its Subsidiaries have no commitments, liabilities, obligations or Indebtedness of any kind (whether accrued or fixed, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable or otherwise).

Section 4.6 **Absence of Changes**. Since the Balance Sheet Date, the Company and its Subsidiaries have in all material respects (1) conducted the Business in the ordinary course consistent with past practices and (2) used commercially reasonable efforts to preserve intact their respective material relationships with Third Parties and to keep available the services of their respective present officers and key employees, and except as set forth in Schedule 4.6, neither the Company nor any of its Subsidiaries has (a) amended its Governing Documents (other than any amendments thereto delivered to Purchaser prior to the Execution Date); (b) sold, transferred or disposed of any of its Assets, including any right under any lease or Contract or any proprietary right or other intangible Asset, or terminated or relinquished any rights under any Contract (or series of related Contracts) related to its Assets or the Business, in each case having a value in excess of One Million Dollars ($1,000,000.00); (c) waived, released, canceled, settled or compromised any debt, Claim or right having a value in excess of One Million Dollars ($1,000,000.00); (d) except as may be required to meet the requirements of applicable Law or Accounting Principles, changed any accounting method or practice in a manner that is inconsistent with past practice in a way that would materially and adversely affect the Business, the Company or any of its Subsidiaries; (e) failed to maintain its limited liability company, partnership or corporate existence, as applicable, or consolidated with any other Person or acquired all or substantially all of the Assets of any other Person; (f) issued or sold any Securities in itself; (g) liquidated, dissolved, recapitalized, reorganized or otherwise wound up the Business; (h) purchased any Securities of any Person, except for short-term investments made in the ordinary course of business; (i) experienced on or prior to the Execution Date any material Casualty Loss in excess of One Million Dollars ($1,000,000.00) (whether or not covered by insurance) to any Assets or (j) agreed or committed to do any of the foregoing.

Section 4.7 **Litigation**. Except as set forth on Schedule 4.7 or any action, suit or proceeding filed by any Governmental Authority after the Execution Date related to or arising out of the HSR Act, and except with respect to Environmental Laws and Environmental Liabilities, which are solely addressed in Section 4.15 and Section 6.2, except for Tax matters, which are addressed in Section 4.9, Section 4.11 and Article 10, there are no material actions, suits or proceedings (including condemnation, expropriation or forfeiture proceedings) (a) pending before any Governmental Authority or arbitrator against the Company or any Subsidiary (i) relating to the Business, any Company Securities, Securities of any Subsidiary, any Asset or the Company's or any Subsidiaries' ownership or operation thereof or (ii) seeking to prevent the consummation of the transactions contemplated hereby or (b) to Seller's Knowledge, threatened in writing with reasonable specificity by any Third Party or Governmental Authority against the Company or any Subsidiary (i) relating to the Business, any Company Securities, Securities of any Subsidiary, any Asset or the Company's or any Subsidiaries' ownership or operation thereof or (ii) seeking to prevent the consummation of the transactions contemplated hereby.

Section 4.8 **Bankruptcy**. There are no bankruptcy, reorganization or receivership proceedings pending against, being contemplated by, or, to the Knowledge of Seller, threatened in writing against, Company or any Subsidiary.

Section 4.9 **Taxes**. Except as set forth on Schedule 4.9:

(a) (i) All Tax Returns required to be filed by or with respect to the Company or any of its Subsidiaries have been duly and timely filed, and each such Tax Return is true, correct and complete in all material respects, (ii) all Taxes owed by the Company or any of its Subsidiaries that are or have become due have been timely paid in full, (iii) all Tax withholding and deposit requirements imposed on or with respect to the Company or any of its Subsidiaries have been satisfied in all material respects and the Company and each of its Subsidiaries has properly received and maintained any and all certificates, forms and other documents required by Law for any exemption from withholding and remitting any Taxes and (iv) there are no Liens (other than statutory Liens for Taxes that are not yet due and payable) on any of the assets of the Company or any of its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax;

(b) Since the date of the balance sheet included in the Financial Statements, neither the Company nor any of its Subsidiaries has (i) made or revoked any material election in respect of Taxes, (ii) changed any accounting method in respect of Taxes, (iii) prepared any Tax Returns in a manner which is not consistent with the past practice of the Company or applicable Subsidiary with respect to the treatment of items on such Tax Returns, (iv) filed any amendment to a Tax Return that will or is reasonably expected to increase the Tax liability of the Company or any Subsidiary after the Closing, (v) incurred any liability for Taxes other than in the ordinary course of business, (vi) settled any claim or assessment in respect of Taxes, (vii) consented to the extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes with any Governmental Authority or (viii) surrendered any right to claim a refund of Taxes;

(c) True, complete, and correct copies of the following have been delivered to Purchaser: (i) all income and franchise Tax Returns and other material Tax Returns of the Company or any of its Subsidiaries for Tax periods ending on or after December 31, 2012 and (ii) all audit or examination reports, notices of proposed adjustments, statements of deficiencies or similar correspondence received by or with respect to the Company or any of its Subsidiaries;

(d) There is not in force any extension of time with respect to the due date for the filing of any material Tax Return of the Company or any of its Subsidiaries or any waiver or agreement for any extension of time for the assessment or payment of any material Tax by the Company or any of its Subsidiaries;

(e) (i) There is no claim against the Company or any of its Subsidiaries for any Taxes, and no assessment, deficiency or adjustment has been asserted, proposed or threatened in writing with respect to any Taxes or Tax Returns of or with respect to the Company or any of its Subsidiaries that has not been resolved, (ii) no Tax audits or administrative or judicial proceedings are being conducted, pending or threatened in writing with respect to the Company or any of its Subsidiaries and (iii) no claim has ever been made by an authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the Company or any of its Subsidiaries is or may be subject to taxation in that jurisdiction;

(f) None of the Company or any of its Subsidiaries is a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements (excluding, for the avoidance of doubt, any commercial agreements or contracts entered into in the ordinary course of business and that are not primarily related to Taxes), and none of the Company or any of its Subsidiaries has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Tax Law) as a transferee, successor or otherwise;

(g) The Company is, and has at all times since its formation been and until the Closing will be, classified as a partnership for U.S. federal income tax purposes, and each of the Company's Subsidiaries is, and has at all times since its formation been and until the Closing will be, classified as an entity disregarded as separate from the Company for U.S. federal income tax purposes; and

(h) None of the assets of the Company or its Subsidiaries is subject to any Tax partnership agreement or provisions requiring a partnership income Tax Return (other than any partnership income Tax Return of the Company) to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code.

Notwithstanding any other provision in this Agreement, the representations and warranties in this Section 4.9 and Section 4.11 are the only representations and warranties in this Agreement with respect to the Tax matters of the Company and its Subsidiaries.

Section 4.10 **Employees**. Neither the Company nor any of its Subsidiaries have, nor have the Company or any of its Subsidiaries ever had, any employees.

Section 4.11 **Employee Benefits**. Neither the Company nor any of its Subsidiaries sponsors, maintains, contributes to or has any liability with respect to, or has ever sponsored, maintained or contributed to, an "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other benefit plan or program for employees or other service providers. Within the six (6) years preceding the Closing Date, neither Seller nor any of its ERISA Affiliates have sponsored, maintained, contributed to or been required to contribute to a plan subject to Title IV of ERISA or Section 412 of the Code.

Section 4.12 **Compliance with Laws**. Except as set forth on Schedule 4.12 and except with respect to (i) Environmental Laws and Environmental Liabilities, which are solely addressed in Section 4.15 and Section 6.2 and (ii) Laws with respect to Taxes, which are solely addressed in Section 4.9 and Section 4.11:

(a) The ownership of the Subject Securities, the conduct of the Business and the operation of the Gathering System on or prior to the Execution Date are not and have not been in violation of any applicable Laws, in any material respect; and

(b) All material permits, approvals and licenses required from Governmental Authorities pursuant to applicable Laws with respect to the ownership or operation of the Assets have been properly obtained and are in full force and effect, and the Business and the Assets are in material compliance with all such material permits, approvals and licenses.

Section 4.13 **Contracts**.

(a) Schedule 4.13(a) sets forth a complete and accurate list of all Material Contracts.

(b) Except as set forth on Schedule 4.13(b), (i) each Material Contract is in full force and effect according to its terms, except to the extent the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, arrangement or other similar Laws relating to affecting the rights of creditors generally, or by general equitable principles that restrict the enforceability of any such Material Contract or the availability of equitable or legal remedies thereunder, and (ii) neither the Company, any Subsidiary of the Company, nor, to Seller's Knowledge, any other party thereto is in material default or material breach (or with the giving of notice or the lapse of time will be in such material default or breach) of any Material Contract, the resolution of which is currently outstanding.

Section 4.14 **Outstanding Capital Commitments**. Except as set forth on Schedule 4.14, there are no outstanding authorizations for expenditure or similar requests or invoices for funding or participation for capital contributions under any Contract that are binding on Company, any Subsidiary or the Gathering System and that Seller reasonably anticipates will individually (and together with related authorizations or requests) require expenditures by Company or any Subsidiary attributable to periods on or after the Effective Time in excess of One Million Dollars ($1,000,000.00).

Section 4.15 **Environmental Matters**. Except as set forth in Schedule 4.15:

(a) The Company and its Subsidiaries are in compliance with applicable Environmental Laws in all material respects;

(b) All material permits, approvals and licenses required from Governmental Authorities pursuant to Environmental Laws with respect to the ownership or operation of the Assets (the "***Environmental Permits***") have been properly obtained and are in full force and effect, and the Business and the Assets are in material compliance with all such Environmental Permits;

(c) Neither the Company nor any of its Subsidiaries (i) has received from any Governmental Authority any written notice of material violation of, alleged material violation of, material non-compliance with, or material liability or potential or alleged material liability pursuant to, any Environmental Law involving the operations of the Gathering System other than notices with respect to matters that have been resolved to the satisfaction of any relevant Governmental Authority and for which neither the Company nor any of its Subsidiaries has any further material obligations outstanding or (ii) is subject to any outstanding governmental order, "consent order" or other agreement with a Governmental Authority pursuant to Environmental Laws; and

(d) There has been no Release of Hazardous Substances on or from any Asset in violation of any applicable Environmental Laws or that requires any material remedial action or material corrective action pursuant to applicable Environmental Laws. The Company has made available for inspection by Purchaser copies of all material environmental assessments and other material environmental studies relating to or involving the Assets that are in the possession of the Company or its Subsidiaries and that have been prepared in the three (3) years preceding the Execution Date.

Notwithstanding anything herein to the contrary, this Section 4.15 contains Seller's sole and exclusive representations and warranties with respect to environmental matters, Environmental Laws, Environmental Liabilities, Releases and Hazardous Substances.

Section 4.16 **Intellectual Property**.

(a) No material registrations or applications for registration are included in any Intellectual Property Rights held by the Company or its Subsidiaries. The Company and its Subsidiaries own, license or otherwise have a valid right to use, free and clear of all Liens (other than Permitted Encumbrances), all material Intellectual Property Rights necessary to conduct the Business as conducted as of the Execution Date.

(b) The conduct of the Business as currently conducted has not infringed or misappropriated any Intellectual Property Right of any Third Party in any material respect.

(c) The consummation of the transactions contemplated hereby will not result in the loss or impairment of any material right of the Company or any of its Subsidiaries to own, use, practice or exploit any Intellectual Property Rights held by or licensed to the Company or any of its Subsidiaries (excluding licenses for commercially available, "off-the-shelf" software).

Section 4.17 **Insurance**. Set forth on Schedule 4.17 is a complete and accurate list of all risk property, general liability, third party offsite pollution liability, automobile liability, workers' compensation and employers' liability, umbrella/excess liability and directors' and officers' liability insurance held by the Company or its Subsidiaries. All of such policies are in full force and effect and there is no material claim pending under any such policies as to which coverage has been denied by the insurer other than customary indications as to reservation of rights by insurers listed on Schedule 4.17 and neither the Company nor any of its Subsidiaries has received written notice of cancellation of any such insurance policies.

Section 4.18 **Real Property; Personal Property**.

(a) Set forth on Schedule 4.18(a) is a complete and accurate list of all real property owned in fee title by the Company or its Subsidiaries (the "***Fee Properties***").

(b) Set forth on Schedule 4.18(b) is a complete and accurate list of all real property leased by the Company or any of its Subsidiaries (the "***Leased Properties***").

(c) Set forth on Schedule 4.18(c) is a complete and accurate list of all Rights of Way used or held for use by the Company and its Subsidiaries (the "***Company Rights of Way***").

(d) Except as set forth on Schedule 4.18(g) and for Permitted Encumbrances, the Company or its Subsidiaries has good and marketable beneficial title (in accordance with the terms of the applicable Contract associated therewith) or record title to, or where applicable a valid leasehold interest in, the Fee Properties, Leased Properties and Company Rights of Way.

(e) Except for the matters set forth on Schedule 4.18(g), the Fee Properties, Leased Properties and Company Rights of Way constitute all of the real property rights necessary to operate the Gathering System (including the construction, use, operation and maintenance thereof) in the manner such Gathering System is currently being constructed, to the extent not fully constructed as of the Execution Date, and operated (including the construction to the extent not fully constructed as of the Execution Date, use, operation and maintenance thereof) as of the Execution Date.

(f) Neither the Company nor any Subsidiary, as applicable, is or with the giving of notice or passage of time would be, in default in any material respect of any Contracts and agreements that vest title in the Company Group as to the Leased Properties and the Company Rights of Way. As of the Closing Date one or more of Seller, members of the Company Group or Concho has made available to Purchaser copies that are in all material respects true, correct and complete of all material deeds, leases, easements, licenses and other documents and instruments that vest title in the Company (or applicable Subsidiary) to the Fee Properties, Leased Properties and Company Rights of Way (but excluding any other instruments constituting any of the Company Group's chain of title to the Fee Properties, Leased Properties and Company Rights of Way).

(g) Except as set forth on Schedule 4.18(g), the Leased Properties and Company Rights of Way underlying the Gathering System, taken together, establish a continuous right-of-way along the route of the Gathering System that is free from any gaps that would reasonably be expected to have a material adverse effect on Purchaser's ability to own and operate the Gathering System. In addition, the Gathering System is located within the boundaries of property rights of the

Company and its Subsidiaries under the Fee Properties, Leased Properties and Company Rights of Way.

(h) Subject to Permitted Encumbrances, the Company and each of its Subsidiaries has good and marketable record title or beneficial title (in accordance with the terms of the applicable Contract associated therewith) to, or a valid leasehold interest or sub-leasehold interest in, its respective tangible personal properties and assets (other than the Fee Properties, Leased Properties and Company Rights of Way) that are included in the Assets that are used, or held for use, in the conduct of the Business.

Notwithstanding anything in this Section 4.18 to the contrary, after the Title Curative Deadline, the title curative actions set forth on Schedule 7.15 shall be disregarded from Schedule 4.18 for all purposes of Article 12.

Section 4.19 **Bank Accounts**. Schedule 4.19 sets forth a true and complete list of all deposit, demand, savings, passbook, security or similar accounts maintained by Seller (with respect to the Business), the Company or any of the Subsidiaries with any bank or financial institution, the names and addresses of the banks or financial institutions maintaining each such account and the authorized signatories on each such account.

Section 4.20 **Books and Records**. The minute books of the Company and the Subsidiaries contain materially accurate and complete records of all meetings held and action taken by the members of the Company and the Subsidiaries. The Company and the Subsidiaries maintain all books of account and other business records (including the Records) required by applicable Law or necessary to conduct the Business of the Company and the Subsidiaries in accordance with the past practices of such Person, consistently applied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as of the Execution Date and the Closing Date the following:

Section 5.1 **Existence and Qualification**. Purchaser (a) is a limited partnership duly formed, validly existing and in good standing under the Laws of the state of Texas, (b) is duly qualified to carry on its business in states where it is required to be so qualified and (c) has the requisite limited partnership power and authority necessary to own, lease or operate its properties and assets and carry on its business as presently conducted.

Section 5.2 **Power**. Purchaser has the limited partnership power to enter into and perform its obligations under this Agreement, the other Transaction Documents and all other such documents required to be executed and delivered by Purchaser at Closing and to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

Section 5.3 **Authorization and Enforceability**. The execution, delivery and performance of this Agreement and the other Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary limited partnership action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser (and all documents required to be executed and delivered by Purchaser at Closing shall be duly executed and delivered by Purchaser) and this Agreement constitutes, and at the Closing such documents shall constitute, the valid and binding obligations of Purchaser, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy or other similar Laws affecting the rights and remedies of creditors generally as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

Section 5.4 **No Conflicts; Consents**. Except as required under the HSR Act, the execution, delivery and performance of this Agreement and the other Transaction Documents by Purchaser, and the consummation of the transactions contemplated by this Agreement shall not (a) violate any provision of the Governing Documents of Purchaser or any agreement or instrument to which Purchaser or any of its Affiliates is a party or by which it is bound, (b) result in a material default (with due notice or lapse of time or both) or give rise to any right of termination, cancellation or acceleration under any material note, bond, mortgage, indenture or other financing instrument to which Purchaser or any of its Affiliate is a party or by which it is bound, (c) violate any judgment, order, ruling or regulation applicable to Purchaser as a party in interest, (d) violate any Law applicable to Purchaser nor (e) require that any Consent be obtained, made or complied with.

Section 5.5 **Defense Production Act**. Purchaser is not a foreign person and the transactions contemplated by this Agreement are not a covered transaction as those terms are defined in Section 721 of the Defense Production Act of 1950, as amended, 50 U.S.C. App. 2170, and the regulations promulgated thereunder, 31 C.F.R. Part 800.

Section 5.6 **Litigation**. There are no actions, suits or proceedings (including condemnation, expropriation or forfeiture proceedings) (a) pending before any Governmental Authority or arbitrator against Purchaser or its Affiliates seeking to prevent the consummation of the transactions contemplated hereby (other than any such threat in writing with respect to any action, suit or proceeding filed after the Execution Date related to or arising out of the HSR Act relating to or arising out of the execution or delivery of this Agreement or the consummation of the transactions contemplated hereunder) or (b) to Purchaser's knowledge, expressly threatened in writing with reasonable specificity by any Third Party or Governmental Authority against Purchaser or its Affiliates seeking to prevent the consummation of the transactions contemplated hereby (other than any such threat in writing with respect to any action, suit or proceeding filed after the Execution Date related to or arising out of the HSR Act relating to or arising out of the execution or delivery of this Agreement or the consummation of the transactions contemplated hereunder).

Section 5.7 **Bankruptcy**. There are no bankruptcy, reorganization or receivership proceedings pending against, being contemplated by or, to the knowledge of Purchaser, threatened against Purchaser or any Affiliate thereof (whether by Purchaser or any Third Party).

Section 5.8 **Financing**. Purchaser has sufficient cash (in United States Dollars) to enable Purchaser to (a) pay the Closing Payment on the Closing Date to or on behalf of Seller and (b) fund the Holdback Amount on the Closing Date and (c) pay and perform all other obligations of Purchaser hereunder and the other agreements delivered hereunder by Purchaser. As of January 1, 2017 Purchaser has, and Purchaser's assets as included in the audited consolidated balance sheet of Purchaser Parent prepared in accordance with the Accounting Principles as at December 31, 2016 reflects (or will reflect once prepared), a level of assets equal to or in excess of Five Billion Dollars ($5,000,000,000.00).

Section 5.9 **Investment Intent**. Purchaser is acquiring the Subject Securities for its own account and not with a view to their sale or distribution in violation of the Securities Act of 1933, as amended, the rules and regulations thereunder, any applicable state blue sky Laws or any other applicable securities Laws. Purchaser has made, independently and without reliance on Seller (except to the extent that Purchaser has relied on the representation and warranties in this Agreement), its own analysis of the Subject Securities, the Company and its Subsidiaries and the Assets for the purpose of acquiring the Subject Securities, and Purchaser has had reasonable and sufficient access to documents, other information and materials as it considers appropriate to make its evaluations. Purchaser acknowledges that the Subject Securities are not registered pursuant to the Securities Act of 1933 and that none of the Subject Securities may be transferred, except pursuant to an effective registration statement or an applicable exemption from registration under the Securities Act of 1933. Purchaser is an "accredited investor" as defined under Rule 501 promulgated under the Securities Act of 1933.

Section 5.10 **Independent Evaluation**.

(a) Purchaser is a sophisticated, experienced and knowledgeable investor in the oil and gas transportation, gathering and processing business. In entering into this Agreement, other than with respect to the representations, warranties and covenants made hereunder, Purchaser has relied solely upon Purchaser's own expertise in legal, Tax, reservoir engineering and other professional counsel concerning this transaction, the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets, and the value thereof. Purchaser acknowledges and affirms that (i) it has completed such independent investigation, verification, analysis and evaluation of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets and has made all such reviews and inspections of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets as it has deemed necessary or appropriate to enter into this Agreement, (ii) Purchaser shall be deemed to have knowledge of all facts, materials and documents described, contained or set forth in the VDR on or prior to the Execution Date and the Disclosure Schedules and (iii) at Closing, Purchaser shall have completed, or caused to be completed, its independent investigation, verification, analysis and evaluation of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets and made all such reviews and inspections of the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets as Purchaser has deemed necessary or appropriate to consummate the transaction.

(b) Except for the representations and warranties expressly made by Seller in this Agreement or the representations and warranties contained in the Class A Purchase Agreement, Purchaser acknowledges that no member of the Seller Group or any other Person has made, and Purchaser has not relied upon, any representations or warranties, express or implied, as to (i) Seller,

the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or any other matters, including the financial condition, physical condition, environmental condition, liabilities, operations, business, prospects of or title to the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or (ii) the accuracy or completeness of any of the information provided or made available to Purchaser, its Affiliates or Purchaser's Representatives, including the Due Diligence Information. Purchaser further acknowledges that (A) any information, document or material provided or made available, or statements made, to Purchaser, its Affiliates or Purchaser's Representatives during site or office visits, in the VDR, any "data rooms," management presentations or supplemental due diligence information provided to Purchaser, its Affiliates or Purchaser's Representatives in connection with discussions with management or in any other form in expectation of the transactions contemplated by this Agreement (collectively, the "***Due Diligence Information***") includes certain projections, estimates and other forecasts and certain business plan information, (B) there are uncertainties inherent in attempting to make such projections, estimates and other forecasts and plans and (C) Purchaser is aware of such uncertainties, and, except to the extent warranted under this Agreement, Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections, estimates and other forecasts and plans so furnished to it and any use of or reliance by Purchaser on such projections, estimates and other forecasts and plans shall be at its sole risk.

(c) Purchaser specifically disclaims any obligation or duty by Seller or any member of the Seller Group to make any disclosures of fact not required to be disclosed pursuant to the express representations and warranties set forth herein, in the Class A Purchase Agreement and in the Assignment.

(d) Purchaser understands and acknowledges that neither the United States Securities and Exchange Commission nor any federal, state or foreign agency has passed upon the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or made any finding or determination as to the fairness of an investment in the Company Securities, the Company, the Subsidiaries, the Gathering System and the other Assets or the accuracy or adequacy of the disclosures made to Purchaser.

Section 5.11 **Class A Purchase Agreement Representations**. The representations and warranties of Purchaser set forth in the Class A Purchase Agreement are true and correct in all material respects as of the Execution Date and as of the Closing Date (other than representations and warranties therein that refer to a specified date, which need only be true and correct in all material respects on and as of such specified date).

ARTICLE 6
DISCLAIMERS AND ACKNOWLEDGEMENTS

Section 6.1 **General Disclaimers**. **WITHOUT LIMITING PURCHASER'S RIGHTS UNDER THE CLASS A PURCHASE AGREEMENT AND HEREUNDER WITH RESPECT TO THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN, UNDER THE ASSIGNMENT AND UNDER THE SELLER CERTIFICATE, AND EXCEPT AS EXPRESSLY REPRESENTED AND WARRANTED HEREUNDER AND THEREUNDER, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, (a) SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS AND PURCHASER WAIVES AND REPRESENTS AND WARRANTS THAT PURCHASER HAS**

NOT RELIED UPON, ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN THIS AGREEMENT OR UNDER ANY OTHER INSTRUMENT, AGREEMENT, OR CONTRACT DELIVERED HEREUNDER OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREUNDER OR THEREUNDER, INCLUDING ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED AS TO (i) TITLE TO ANY OF THE ASSETS, (ii) THE CONTENTS, CHARACTER OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT OR ANY GEOLOGICAL, SEISMIC DATA, RESERVE DATA, RESERVE REPORTS, OR RESERVE INFORMATION (ANY ANALYSIS OR INTERPRETATION THEREOF) RELATING TO THE ASSETS, (iii) ANY ESTIMATES OF THE VALUE OF THE COMPANY SECURITIES OR THE ASSETS OR FUTURE REVENUES GENERATED BY THE COMPANY SECURITIES OR THE ASSETS, (iv) THE VOLUMES OF PETROLEUM SUBSTANCES TRANSPORTED ON THE ASSETS, (v) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN, OR MARKETABILITY OF THE ASSETS, (vi) INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT, OR (vii) ANY OTHER RECORD, FILES, MATERIALS OR INFORMATION (INCLUDING AS TO THE ACCURACY, COMPLETENESS, OR CONTENTS OF THE RECORDS) THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO PURCHASER OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES, OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO, AND (b) SELLER FURTHER DISCLAIMS, AND PURCHASER WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT EXCEPT AS SET FORTH ABOVE, THE COMPANY SECURITIES AND THE ASSETS ARE BEING TRANSFERRED "AS IS, WHERE IS", WITH ALL FAULTS AND DEFECTS, AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE.

Section 6.2 **Environmental Disclaimers**. Purchaser acknowledges that (a) the Gathering System and the other Assets have been used for gathering and transportation of Hydrocarbons and there may be petroleum, wastes, scale, NORM, Hazardous Substances or other substances or materials located in, on or under the Gathering System or other Assets or associated therewith; (b) the Gathering System and sites included in the Assets may contain asbestos, NORM or other Hazardous Substances; (c) NORM may affix or attach itself to the inside of pipelines, materials and other equipment comprising the Gathering System as scale, or in other forms; (d) the pipelines, materials and other equipment comprising the Gathering System may contain NORM and other wastes or Hazardous Substances; (e) NORM containing material or other wastes or Hazardous Substances may have come in contact with various environmental media, including water, soils or sediment and (f) special procedures may be required for the assessment, remediation, removal, transportation or disposal of environmental media, wastes, asbestos, NORM and other Hazardous Substances from the Assets. **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4.15 AND PURCHASER'S INDEMNITY RIGHTS UNDER SECTION 12.2(b)(i) WITH RESPECT TO**

BREACHES OF SECTION 4.15, SELLER DOES NOT MAKE, SELLER EXPRESSLY DISCLAIMS, AND PURCHASER WAIVES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRESENCE OR ABSENCE OF ASBESTOS OR NORM IN OR ON THE ASSETS IN QUANTITIES TYPICAL FOR PIPELINE OPERATIONS IN THE AREAS WHERE THE ASSETS ARE LOCATED. AS OF CLOSING, PURCHASER SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED), ITS RIGHT TO INSPECT THE ASSETS FOR ALL PURPOSES, AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, WITH RESPECT TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE, OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS AND NORM. PURCHASER IS RELYING SOLELY UPON THE TERMS OF THIS AGREEMENT AND ITS OWN INSPECTION OF THE ASSETS. AS OF CLOSING, PURCHASER HAS MADE ALL SUCH REVIEWS AND INSPECTIONS OF THE ASSETS AND THE RECORDS AS PURCHASER HAS DEEMED NECESSARY OR APPROPRIATE TO CONSUMMATE THE TRANSACTION.

Section 6.3 **Changes in Prices**. PURCHASER ACKNOWLEDGES THAT IT SHALL ASSUME ALL RISK OF LOSS WITH RESPECT TO: (A) CHANGES IN COMMODITY OR PRODUCT PRICES AND ANY OTHER MARKET FACTORS OR CONDITIONS FROM AND AFTER THE EFFECTIVE TIME, AND (B) DEPRECIATION OF ANY ASSETS THROUGH ORDINARY WEAR AND TEAR.

Section 6.4 **Limited Duties**. ANY AND ALL DUTIES AND OBLIGATIONS WHICH EITHER PARTY MAY HAVE TO THE OTHER PARTY WITH RESPECT TO OR IN CONNECTION WITH THE COMPANY SECURITIES, THE ASSETS, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY ARE LIMITED TO THOSE IN THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS. THE PARTIES DO NOT INTEND (A) THAT THE DUTIES OR OBLIGATIONS OF EITHER PARTY, OR THE RIGHTS OF EITHER PARTY, SHALL BE EXPANDED BEYOND THE TERMS OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS ON THE BASIS OF ANY LEGAL OR EQUITABLE PRINCIPLE OR ON ANY OTHER BASIS WHATSOEVER OR (B) THAT EXCEPT WITH RESPECT TO FRAUD, ANY EQUITABLE OR LEGAL PRINCIPLE OR ANY IMPLIED OBLIGATION OF GOOD FAITH OR FAIR DEALING OR ANY OTHER MATTER REQUIRES EITHER PARTY TO INCUR, SUFFER OR PERFORM ANY ACT, CONDITION OR OBLIGATION CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, AND THAT THEY DO NOT INTEND TO INCREASE ANY OF THE OBLIGATIONS OF ANY PARTY UNDER THIS AGREEMENT ON THE BASIS OF ANY IMPLIED OBLIGATION OR OTHERWISE.

Section 6.5 **Call Option Exercise; Purchase Price Calculation**. SELLER HEREBY IRREVOCABLY AND UNCONDITIONALLY, FULLY AND FOREVER, WAIVES, RELEASES, AND DISCHARGES PURCHASER GROUP FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTIONS, OBLIGATIONS, JUDGMENTS, RIGHTS, FEES, DAMAGES, DEBTS, LIABILITIES, AND EXPENSES (INCLUSIVE OF ATTORNEYS' FEES) OF ANY KIND WHATSOEVER RELATED TO (A) THE OCCURRENCE OF THE CALL OPTION EXERCISE (AS SUCH TERM IS DEFINED IN THE CLASS A PURCHASE AGREEMENT), INCLUDING WITHOUT LIMITATION THE TERMINATION OF THIS AGREEMENT PURSUANT TO SECTION 11.1(B) UPON SUCH CALL OPTION EXERCISE AND (B) UPON PAYMENT TO SELLER BY PURCHASE OF THE PURCHASE PRICE, THE CALCULATION OF THE PURCHASE PRICE OR THE AMOUNT OF CONSIDERATION PAYABLE FOR THE SUBJECT SECURITIES.

SELLER AND PURCHASER AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE 6 AND THE REST OF THIS AGREEMENT ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSE OF ANY APPLICABLE LAW.

ARTICLE 7
COVENANTS OF THE PARTIES

Section 7.1 **Access**.

(a) Upon execution of this Agreement until the Closing, Seller shall give Purchaser, its Affiliates and each of their respective officers, agents, accountants, attorneys, investment bankers, environmental consultants and other authorized representatives ("***Purchaser's Representatives***") reasonable access to the Records in Seller's possession and any Gathering System or Asset owned or operated by the Company or any Subsidiary, in each case during, as applicable, Seller's, the Company's and the Subsidiary's normal business hours, for the purpose of conducting a confirmatory review of the Gathering System or Asset, in each case to the extent that Seller may provide such access without (i) violating applicable Laws or breaching any Contracts, (ii) waiving any legal privilege of Seller, any of its Affiliates, or its counselors, attorneys, accountants, or consultants, or (iii) violating any obligations to any Third Party. Such access shall be granted to Purchaser on the premises of the Gathering System or Asset that are operated by the Company or any Subsidiary. All investigations and due diligence conducted by Purchaser or any of Purchaser's Representatives with respect to the Gathering System or Asset shall be conducted at Purchaser's sole cost, risk and expense and any conclusions made from any examination done by Purchaser or any of Purchaser's Representatives shall result from Purchaser's own independent review and judgment. Seller, the Company or any of their designees shall have the right to accompany Purchaser and Purchaser's Representatives whenever they are on site on the Gathering System. Purchaser's investigation and review shall be conducted in a manner that minimizes interference with the ownership or operation of the Gathering System or the Business. Prior to Closing, Purchaser and Purchaser's Representatives shall have the right to conduct one or more determinations of the volumes of Inventory in the Gathering System at Purchaser's sole cost and expense and in accordance with standard industry practice. Purchaser's inspection right with respect to the environmental

condition of the Gathering System or Asset shall be limited to conducting a Phase I Environmental Site Assessment in accordance with the American Society for Testing and Materials (A.S.T.M.) Standard Practice Environmental Site Assessments: Phase I Environmental Site Assessment Process (Publication Designation: E1527-13), which may include, in addition, environmental compliance reviews, or a similar visual assessment that does not include sampling or testing of any environmental media ("***Phase I***"). Purchaser shall not be entitled to conduct any Phase II Environmental Site Assessments similar to A.S.T.M. Standard Practice Environmental Site Assessments: Phase II Environmental Site Assessment Process (Publication Designation: E1903-11), or any other invasive or intrusive testing, or sampling on or relating to the Gathering System ("***Phase II***"), without the prior written consent of Seller, such consent to be granted, conditioned, or withheld at the sole discretion of Seller. If permitted, Purchaser shall furnish to Seller and the Company, free of costs and without warranty, a copy of all draft and final reports and test results prepared by or for Purchaser related to Purchaser's diligence and investigation of the Gathering System or Asset, including any and all Phase I, Phase II, or further environmental assessments relating to any of the Gathering System as soon as reasonably possible after such report is prepared. Purchaser shall obtain from any applicable Governmental Authorities and Third Parties all permits necessary or required to conduct any approved invasive activities permitted by Seller. Seller shall have the right, at its option, to split with Purchaser any samples collected pursuant to approved invasive activities. If the Closing does not occur, Purchaser (1) shall promptly return to Seller or destroy all copies of the Records, reports, summaries, evaluations, due diligence memos and derivative materials related thereto in the possession or control of Purchaser or any of Purchaser's Representatives and (2) shall keep and shall cause each of Purchaser's Representatives to keep, any and all information obtained by or on behalf of Purchaser confidential, except, in each case, as otherwise required by Law. No investigation by Purchaser shall operate as a waiver of or otherwise effect any representation, warranty, covenant or agreement of Seller hereunder.

(b) Purchaser may not contact customers or potential customers of the Company or any of its Subsidiaries with respect to their relationship with the Company and the Subsidiaries without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Purchaser agrees to indemnify, defend and hold harmless each member of the Seller Group and all such Persons' stockholders, members, managers, officers, directors, employees, agents, lenders, advisors, representatives, accountants, attorneys and consultants from and against any and all Damages (including court costs and reasonable attorneys' fees), including Damages attributable to, arising out of or relating to access to the Records, any offices of Seller, or the Assets prior to the Closing by Purchaser or any of Purchaser's Representatives, **EVEN IF SUCH CLAIMS, DAMAGES, LIABILITIES, OBLIGATIONS, LOSSES, COSTS AND EXPENSES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY MEMBER OF THE SELLER GROUP**.

(d) Upon completion of Purchaser's due diligence, Purchaser shall, at its sole cost and expense and without any cost or expense to Seller, Company or any of their respective Affiliates, (i) repair all damage done to the Assets in connection with Purchaser's due diligence, (ii) restore the Assets to the approximate same or better condition than they were prior to commencement of Purchaser's due diligence and (iii) remove all equipment, tools or other property brought onto the Assets in connection with Purchaser's due diligence. Any disturbance to the Assets

(including the leasehold associated therewith) resulting from Purchaser's due diligence shall be promptly corrected by Purchaser.

(e) During all periods that Purchaser or any of Purchaser's Representatives are on the Assets, Seller's premises or Company's premises, Purchaser shall maintain, at its sole expense and with insurers reasonably satisfactory to Seller, policies of insurance of the types and in the amounts reasonably requested by Seller. Coverage under all insurance required to be carried by Purchaser hereunder shall (i) be primary insurance, (ii) list the members of the Seller Group as additional insureds, (iii) waive subrogation against the members of the Seller Group and (iv) provide, to the extent available, for five (5) days prior notice to Seller in the event of cancellation or modification of the policy or reduction in coverage. Upon request by Seller, Purchaser shall provide evidence of such insurance to Seller prior to entering the Assets or premises of Seller, the Company or any of their respective Affiliates.

(f) Purchaser understands that Seller has had discussions with the management of the Company and its Subsidiaries regarding other bids for the Company, the Subsidiaries and/or the Assets and the preparation and negotiation of this Agreement, the Schedules hereto and the other documents contemplated herein, and that, (i) except to the extent discovery rules would otherwise permit review of such information by Purchaser or the Company if such information were in the possession of Seller and (ii) excluding information related to this Agreement (including the representations and warranties and covenants set forth herein and the Schedules and Exhibits attached hereto), (A) Purchaser and the Company shall not be entitled to use in connection with any disputes against Seller or the Company and its Subsidiaries (before or after Closing) any of Seller's or the Company's internal drafts of this Agreement, copies of (or other information regarding) other bids for the Company and its Subsidiaries or emails or other written information (including in electronic form) relating to any of the foregoing or to the sales process (whether or not related to the Purchaser's bid or other bids for the Company and its Subsidiaries) and (B) each of the Purchaser and the Company hereby agree that (1) it shall not have any rights to any such information and (2) it shall not request any of the Company or its Subsidiaries, their management to provide to any such information.

Section 7.2 **Operation of Business**.

(a) From the Execution Date until the Closing, except as expressly contemplated by this Agreement or as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned), Seller shall not (i) transfer, sell, hypothecate, encumber, novate or otherwise dispose of or agree or offer to agree to any of the foregoing with respect to any of the Subject Securities and (ii) not consent to, amend or adopt any change to any Governing Documents of the Company that could be reasonably be expected to have an adverse effect on Purchaser's ability to own and operate the Company and its Subsidiaries after Closing.

(b) From the Execution Date until the Closing, except (w) as required by the terms of any Material Contract, (x) as set forth in Schedule 7.2, (y) for the operations covered by the capital commitments described in Schedule 4.14 and (z) as expressly contemplated by this Agreement or as expressly consented to in writing by Purchaser (which consent shall not be unreasonably delayed, withheld or conditioned), Seller shall vote its Subject Securities and use commercially reasonably efforts to cause the Company and its Subsidiaries to:

(i) not, directly or indirectly (through any merger, consolidation, reorganization, issuance of Securities or rights or otherwise), sell, assign, transfer, convey, lease, abandon, hypothecate or otherwise dispose of, or subject to any Liens (other than Permitted Encumbrances incurred in the ordinary course of business, consistent with past practice), any Assets, except for (A) sales and dispositions of Hydrocarbons in the ordinary course of business consistent with past practice; (B) sales and dispositions of equipment and materials that are surplus, obsolete or replaced or (C) other individual sales and dispositions individually not exceeding Two Hundred Fifty Thousand Dollars ($250,000.00);

(ii) (A) not enter into, execute, terminate (other than terminations based on the expiration without any affirmative action by Seller), novate, materially amend or extend and (B) perform all of its obligations under any Material Contracts;

(iii) use commercially reasonable efforts to maintain all material governmental permits and approvals held by Company affecting the Assets;

(iv) not declare, issue, pay or make any dividend or distribution to the holders of Securities of the Company, or set aside any funds for the purpose thereof;

(v) maintain insurance coverage on the Company, the Subsidiaries and the Business in the amounts and of the types currently in force;

(vi) not make a Securities investment in any other Person;

(vii) not acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of or otherwise acquire any business of, or acquire any Securities in, or make capital contribution to or any investment in, any Person or division thereof (other than any Subsidiary);

(viii) not split, combine or reclassify any of its outstanding Securities;

(ix) not adopt a plan or agreement of complete or partial liquidation, dissolution or wind-up of Company or any Subsidiary;

(x) conduct the Business in the ordinary course consistent with past practices;

(xi) not make any capital expenditures: (A) during the time period covered by Schedule 4.14 or Schedule 7.2(b)(xi), as applicable, in excess of the amounts reflected and set forth on such applicable Schedule *plus* a variance of ten percent (10%) in excess of such amounts; or (B) after the time period covered by Schedule 4.14 or Schedule 7.2(b)(xi), as

applicable, unless such capital expenditures are incurred in the ordinary course of conducting the Business;

(xii) not incur any indebtedness for borrowed money other than indebtedness incurred as necessary to fund operating cash shortfalls or capital expenditures pursuant to Section 7.2(b)(xi); and

(xiii) not agree or commit to do any of the foregoing.

(c) Purchaser's approval of any action restricted by this Section 7.2 shall not be unreasonably withheld or delayed and shall be considered granted within ten (10) days (unless a shorter time is reasonably required by the circumstances and such shorter time is specified in Seller's notice) of Seller's notice to Purchaser requesting such consent unless Purchaser notifies Seller to the contrary during that period. Notwithstanding the foregoing provisions of this Section 7.2, Seller shall not be in breach of this Section 7.2 (i) if, notwithstanding Seller's vote under the LLC Agreement of the Subject Securities to the contrary, the Company or any of its Subsidiaries take any of the actions set forth in this Section 7.2 without the consent of Purchaser or (ii) in the event of an emergency or risk of loss, damage or injury to any Person, property or the environment or as otherwise required by Law, Seller may take such actions as are reasonably necessary to address such emergency, risk or requirements and shall notify Purchaser of such action promptly thereafter. Requests for approval of any action restricted by this Section 7.2 shall be delivered to the following individual, who shall have full authority to grant or deny such requests for approval on behalf of Purchaser:

Plains Pipeline, L.P.
c/o Plains All American Pipeline, L.P.
333 Clay Street
Suite 1600
Houston, Texas 77002
Attn: Jeremy Goebel
Email: JLGoebel@paalp.com

Section 7.3 **Casualty and Condemnation**. Notwithstanding anything herein to the contrary from and after the Effective Time, if Closing occurs, Purchaser shall assume all risk of loss with respect to the depreciation of the Assets due to ordinary wear and tear, in each case, with respect to the Assets. If, after the Execution Date but prior to or on the Closing Date, any portion of the Assets are destroyed by fire, explosion, wild well, hurricane, storm, weather events, earthquake, act of nature, civil unrest or similar disorder, terrorist acts, war or any other hostilities or other casualty or is expropriated or taken in condemnation or under right of eminent domain (each a "***Casualty Loss***"), Purchaser and Seller shall, subject to the satisfaction (or waiver) of the conditions to Closing set forth in Section 8.1 and Section 8.2, nevertheless be required to proceed with Closing.

Section 7.4 **Closing Efforts and Further Assurances; Non-Solicitation**.

(a) Each Party agrees that from and after the Execution Date, it will not voluntarily undertake any course of action inconsistent with the provisions or intent of this Agreement, and will use its commercially reasonable efforts to take, or cause to be taken, all action

and to do, or cause to be done, all actions reasonably necessary, proper or advisable under applicable Laws to cause the closing conditions hereunder to be satisfied and to consummate the transaction contemplated hereunder, including (i) using its commercially reasonable efforts to cooperate with the other Party to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the transaction contemplated hereunder, (ii) executing any additional instruments and agreements necessary to consummate the transactions contemplated by this Agreement and (iii) using commercially reasonable efforts to facilitate the closing of the transactions contemplated by the Class A Purchase Agreement.

(b) Seller shall not, and shall not authorize or permit any of its Affiliates (including the Company or its Subsidiaries) or any of its or their representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller shall immediately cease and cause to be terminated, and shall cause its Affiliates (including the Company or its Subsidiaries) and all of its and their representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "***Acquisition Proposal***" shall mean any inquiry, proposal or offer from any Person (other than Purchaser or any of its Affiliates) concerning (A) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company; (B) the issuance or acquisition of shares of capital stock or other equity Securities of the Company or (C) the sale, lease, exchange or other disposition of any significant portion of the Company's properties or Assets. Seller agrees that the rights and remedies for noncompliance with this Section 7.4(b) shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Purchaser and that money damages would not provide an adequate remedy to Purchaser.

Section 7.5 **Notifications**. Purchaser shall notify Seller promptly after a discovery by Purchaser that any representation or warranty of Seller contained in this Agreement is, becomes or will be untrue in any material respect on or before the Closing Date. Seller shall notify Purchaser promptly after a discovery by Seller that any representation or warranty of Purchaser contained in this Agreement is, becomes or will be untrue in any material respect on or before the Closing Date. It is understood and agreed that the delivery of any notice required under this Section 7.5 shall not in any manner constitute a waiver by any Party of any conditions precedent to the Closing hereunder.

Section 7.6 **Amendment of Disclosure Schedules**. Purchaser agrees that, with respect to the representations and warranties of Seller contained in this Agreement, Seller shall have the continuing right until the tenth (10^{th}) day prior to Closing to add, supplement or amend the Disclosure Schedules to the representations and warranties of Seller with respect to any matter hereafter arising or discovered which, if existing or known at the Execution Date or thereafter, would have been required to be set forth or described in such Schedules. For all purposes of this Agreement, including for purposes of determining whether the conditions set forth in Section 8.2 have been fulfilled, the Disclosure Schedules attached to this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; *provided*, *however*, that if the Closing shall occur, then all matters disclosed pursuant to any such addition, supplement or amendment at or

prior to the Closing shall be deemed to have been included in the Disclosure Schedules for the purposes of any claims made by Purchaser under this Agreement.

Section 7.7 **Government Reviews**.

(a) From and after the Execution Date until the Closing, subject to the terms and conditions of this Agreement, each of Purchaser and Seller shall, and shall cause their respective Affiliates to, undertake commercially reasonable efforts to make or cause to be made promptly (and, in the case of filings required to be made pursuant to the HSR Act, not later than January 30, 2017) the filings required of such Party or any of its Affiliates under any Laws with respect to the transactions contemplated by this Agreement and to pay any fees due of it in connection with such filings; *provided*, *however*, that all filing fees payable to any Governmental Authorities relating to filings required to be made pursuant to the HSR Act shall be paid and borne by Purchaser. In furtherance and not in limitation of the foregoing, each of Purchaser and Seller shall, to the extent permissible by Law, (i) cooperate with the other Party and furnish to the other Party all information in such Party's possession that is necessary in connection with such other Party's filings; (ii) promptly inform the other Party of, and supply to such other Party copies of, any communication (or other correspondence or memoranda) from or to, and any proposed understanding or agreement with, any Governmental Authority in respect of such filings; (iii) consult and cooperate with the other Party and provide each other with a reasonable opportunity to provide comments in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and opinions made or submitted by or on behalf of any Party in connection with all meetings, actions and proceedings with any Governmental Authority relating to such filings and (iv) comply, as promptly as is reasonably practicable, with any requests received by such Party or any of its Affiliates under the HSR Act and any other Laws for additional information, documents or other materials. If a Party intends to participate in any communication or meeting with any Governmental Authority with respect to such filings, it shall give the other Party reasonable notice of, and to the extent permitted by the Governmental Authority, an opportunity to participate in any such meeting or communication. Seller and Purchaser shall jointly determine any strategy or tactic in complying with this Section 7.7, including Section 7.7(b). Notwithstanding the foregoing, Seller shall not be required to provide Purchaser with any Excluded Records and no Party shall be required to provide the other Party with competitively sensitive information, including information regarding the value of the transaction or information subject to any legal privilege, attorney client privilege, work product doctrine or other similar privilege absent entering into a mutually acceptable joint defense agreement.

(b) Purchaser shall, and shall cause its Affiliates to, use commercially reasonable efforts to (i) cause the expiration or early termination of the applicable waiting period under the HSR Act and any other Antitrust Laws with respect to the transactions contemplated by this Agreement as promptly as is practicable but in no event later than the Termination Date and (ii) resolve any objection or assertion by any Governmental Authority or any action or proceeding by any Governmental Authority or other Person, whether by judicial or administrative action, challenging this Agreement or the consummation of the transactions contemplated by this Agreement or the performance of obligations hereunder so as to enable the Closing to occur as soon as reasonably practicable (and in any event not later than the Termination Date), *provided* that Purchaser shall not be required to agree to divest or hold separate any of the business, services or assets of Purchaser or any of its Affiliates or the Gathering System. Purchaser shall, and shall cause its Affiliates to use commercially reasonable efforts to contest and resist any action or proceeding instituted (or threatened in writing to be instituted) by any Governmental Authority challenging the transactions contemplated

by this Agreement as in violation of any Law; *provided*, that Purchaser shall not be required to contest or resist such action or proceeding if the Parties reasonably expect that Purchaser would incur costs and expenses in excess of Three Million Dollars ($3,000,000.00) in connection therewith. Notwithstanding the foregoing or anything in this Agreement to the contrary, in no event shall Purchaser or any of its Affiliates be required to commit to take any action pursuant to this Section 7.7(b) the consummation of which is not conditioned on the Closing of the transaction contemplated by this Agreement.

Section 7.8 **Liability for Brokers' Fees**. Each Party hereby agrees to indemnify, defend and hold harmless the other Party, any Affiliate of such other Party and all such other Party's stockholders, members, officers, directors, employees, agents, lenders, advisors, representatives, accountants, attorneys and consultants from and against any and all claims, obligations, damages, liabilities, losses, costs and expenses (including court costs and reasonable attorneys' fees) arising as a result of undertakings or agreements of any such indemnifying Party prior to Closing, for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation to an intermediary in connection with the negotiation, execution or delivery of this Agreement or any agreement or document contemplated hereunder.

Section 7.9 **Press Releases**. From and after the Execution Date, each Party shall not make, and shall cause each of their respective Affiliates not to make, any press release or public disclosure regarding the existence of this Agreement, the contents hereof or the transactions contemplated hereby, or the identities of any Parties hereto without the prior written consent of the other Party; *provided, however*, the foregoing shall not restrict disclosures by a Party or any of its Affiliates (a) to the extent that such disclosures are required by applicable securities or other Laws or the applicable rules of any stock exchange having jurisdiction over such Party or Affiliate of such Party, (b) to Governmental Authorities or any Third Party holding preferential rights to purchase, rights of consent or other rights that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to provide notices, seek waivers, amendments or terminations of such rights or seek such consents or (c) in connection with customary rating agency, investor and analyst presentations, meetings and conference calls of such Party or its Affiliates. Each Party shall be liable for the compliance of its Affiliates with the terms of this Section 7.9.

Section 7.10 **Expenses; Filings, Certain Governmental Approvals and Removal of Names**. Except as otherwise expressly provided in this Agreement, all expenses incurred by Seller in connection with or related to the authorization, preparation or execution of this Agreement and the Exhibits and Schedules hereto and thereto, and all other matters related to the Closing, including all fees and expenses of counsel, accountants and financial advisers employed by Seller, shall be borne solely and entirely by Seller, and all such expenses incurred by Purchaser shall be borne solely and entirely by Purchaser.

Section 7.11 **Records**. Seller may retain, at Seller's sole cost and expense, copies of any and all Records. Purchaser shall preserve and keep a copy of all Records in Purchaser's or the Company's possession for a period of at least four (4) years after the Closing Date. After such four (4) year period, before Purchaser shall dispose of any such Records, Purchaser shall give Seller at least ninety (90) days' Notice to such effect, and Seller shall be given an opportunity, at Seller's cost and expense, to remove and retain all or any part of such Records as Seller may select. From and after Closing, Purchaser shall provide to Seller, at Seller's cost and expense, reasonable access to such books and records as remain in Purchaser's possession and reasonable access to the Assets and other properties and employees of Purchaser in connection with matters relating to the ownership or operations of the Assets on or before the Closing Date, or any claims or disputes relating to this Agreement or with any Third Parties, upon reasonable prior notice during normal business hours.

Section 7.12 **Indemnification; Directors' and Officers' Insurance**.

(a) Purchaser agrees that all rights to indemnification for acts or omissions occurring prior to the Closing Date in favor of the current or former managers, directors, officers, partners, members, employees, agents and fiduciaries of the Company (collectively, the "***Company Indemnitees***") as provided as of the date hereof in the respective organizational documents of the Company shall survive the transactions contemplated by this Agreement and shall continue in full force and effect in accordance with their terms for a period of not less than four (4) years from the Closing Date. Purchaser shall not, and shall cause its respective Affiliates (including the Company after the Closing) not to repeal or amend such arrangements in any manner that would adversely affect the rights of the Company Indemnitees thereunder.

(b) In the event that Purchaser or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, in each such case, to the extent such assumption does not occur by operation of Law, proper provisions shall be made so that the successors and assigns of Purchaser shall assume the obligations set forth in Section 7.12(a). The provisions of this Section 7.12 are intended to be for the benefit of, and shall be enforceable by, the Parties and each Person entitled to indemnification or expense advancement pursuant to this Section 7.12, and his or its heirs and representatives.

(c) The obligations of Purchaser under this Section 7.12 shall not be terminated or modified in such a manner as to adversely affect any Company Indemnitee to whom this Section 7.12 applies without the consent of such Company Indemnitee so adversely affected.

Section 7.13 **Seller Employee Matters.**

(a) Seller shall, to the extent not prohibited by applicable Law, use commercially reasonable efforts to provide to Purchaser no later than ten (10) Business Days following the Execution Date the following information with respect to each Business Employee: (i) employment status including (A) whether actively at work or on leave, (B) whether a full-time or part-time employee (along with a brief explanation of how the Seller defines those terms for purposes of making such classifications) and (C) whether classified as exempt or nonexempt, (ii) job title, (iii) date or dates of hire/rehire, (iv) date of birth, (v) annualized salary or base hourly wage rate, (vi) bonus opportunity for the 2016 calendar year and (vii) work location.

(b) Seller shall request of each Business Employee designated by Purchaser that such Business Employee be available for an employment interview by Purchaser's representatives in a conference room or similar meeting facility on or near Seller's premises. Purchaser has complete discretion in determining whether to offer to employ any Business Employee designated and interviewed for Purchaser. In no event shall Seller have any obligations to cause any Business Employee, and no Business Employee shall have any obligation, to (i) be available or conduct any interview with Purchaser or any representative of Purchaser or (ii) accept employment with any Person, Purchaser may refuse to offer employment to, or hire, any Business Employee designated and interviewed for Purchaser for any reason including, without limitation, for failing to satisfy Purchaser's standard employee screening and employment process and procedures. No later than ten (10) Business Days prior to the Closing Date, Purchaser or one of its Affiliates may make offers of employment to the Business Employees of its choosing. Each such offer shall be subject to and conditioned upon the Business Employee accepting the offer not later than five (5) days following the date on which the offer is communicated to the Business Employee, and will be for employment as of the later of (A) the Closing Date or (B) if such Business Employee is on a leave of absence, such date such Business Employee returns from such leave of absence (so long as such return occurs within one hundred eighty (180) days after the Closing or such later time as may be required by applicable Law). Each such employment offer shall be subject to and conditioned on the occurrence of the Closing. Nothing in this Agreement will require Purchaser to implement or maintain any specific benefit plans or amend any Purchaser Benefit Plan. The date of a Business Employee's commencement of active employment with Purchaser or its Affiliate is referred to as his or her "***Hire Date***".

(c) For purposes of this Agreement, a "***Transferred Employee***" is a Business Employee who accepts an offer of employment from Purchaser or one of its Affiliates made pursuant to Section 7.13(b) and becomes employed by Purchaser or one of its Affiliates pursuant to the process set forth in Section 7.13(b). With respect to each Transferred Employee, effective as of the time immediately prior to such Transferred Employee's Hire Date, Seller or its Affiliates shall terminate the employment of such Transferred Employee. Subject to the terms of this Section 7.13, all Transferred Employees shall be employed pursuant to, and subject to, Purchaser's and its Affiliates policies and procedures applicable to similarly situated new hires and employees.

(d) Effective from and after the respective Hire Date, for purposes of each of the employee benefit plans of Purchaser or any of its Affiliates ("***Purchaser Benefit Plan***") providing medical, dental, prescription drug and/or vision benefits in which the Transferred Employees are eligible to participate following the respective Hire Date, if applicable and to the extent permitted by applicable Law, Purchaser shall, or shall cause its Affiliates to, take commercially reasonable efforts to (i) waive any limitation on health and welfare coverage of any Transferred Employee and his or her eligible dependents due to pre-existing conditions or waiting periods, active employment requirements and requirements to show evidence of good health under such Purchaser Benefit Plan to any Transferred Employee to the extent required by Law or permitted by the Purchaser Benefit Plans and (ii) obtain credit under the Purchaser Benefit Plans for each Transferred Employee for

any co-payments and deductibles paid by such Transferred Employee and his or her covered dependents prior to such Hire Date and in the same plan year in which such Hire Date occurs towards satisfying the applicable annual deductibles and annual out-of-pocket limits, in each case, to the extent consistent with the then-existing terms of such Purchaser Benefit Plan and, in the case of (ii), to the extent Seller provides to Purchaser the information reasonably necessary for Purchaser to comply with the requirements of that provision.

(e) Seller, or its Affiliate that employees the Transferred Employee, will retain sole responsibility and liability for all compensation and benefits payable with respect to the services provided by the Transferred Employee to Seller, its Affiliate or the Company and its Subsidiaries prior to the Closing or, if later, the termination of the individuals employment with Seller or its Affiliate, including, without limitation, any severance benefits payable under any Seller Benefit Plans. The Parties agree that Purchaser does not and will not assume any liability with respect to the Transferred Employees under any of the Seller Benefit Plans, including any obligations with respect to severance benefits, unused vacation days or paid time off days.

(f) Purchaser sponsors various employee benefit plans, including plans providing medical, dental, prescription drug and/or vision benefits and a defined contribution plan that is tax-qualified under Section 401(a) of the Code and that contains a Section 401(k) feature and allows certain rollover contributions from eligible participants (the "***Purchaser 401(k) Plan***"). Purchaser or one of its Affiliates shall cause the Purchaser 401(k) Plan to accept the direct rollover of each Transferred Employee's account distributed from the Seller 401(k) Plan (excluding any notes representing participant loans), but only to the extent acceptance of direct rollovers and receipt of notes representing participant loans are permitted under the terms of the Purchaser 401(k) Plan and Seller has provided a complete and accurate copy of the determination letter described in Section 3.9(c). Each Transferred Employee will be allowed to participate in the Purchaser Benefit Plans if, and to the extent, the Transferred Employee qualifies and is eligible to participate in such plans on a comparable basis to other similarly situated new hires.

(g) Prior to and on the Closing Date, Seller take all actions required of Seller under the Worker Adjustment and Retraining Notification Act (the "***WARN Act***") to the extent the WARN Act applies to Seller with respect to the transactions contemplated by or resulting from this Agreement.

(h) In the event the Call Option Exercise does not occur and this Agreement is terminated, for the period commencing on the Termination Date and ending on the date that is two (2) years after (i) the Closing Date in the event Closing occurs and (ii) the Termination Date in the event this Agreement is terminated in accordance with the terms hereof (the "***Non-Solicit Period***") Purchaser shall not, and shall cause each of its Affiliates not to, in any way directly or indirectly solicit, induce, hire, retain or attempt to hire or retain any employee of Seller or its Affiliates (other than as expressly permitted under this Section 7.13 with respect to the Business Employees in the event that the Closing occurs); *provided*, *however*, that (A) the foregoing shall not apply to generalized searches for employees by use of advertisements in the media that are not targeted at employees of Seller or any of its Affiliates and (B) Purchaser shall not be restrained from hiring employees whose employment by Seller or any of its Affiliates has terminated prior to commencement of employment solicitations or discussions.

(i) The provisions of this Section 7.13 are solely for the benefit of the Parties and nothing in this Section 7.13, express or implied, shall confer upon any Business Employee or legal representative or beneficiary thereof, or upon any other Person, any rights or remedies, including any right to employment or continued employment for any specified period, or compensation or benefits of any nature or kind whatsoever under this Agreement. Nothing in this Section 7.13, express or implied, shall be (i) deemed an amendment of a Seller Benefit Plan providing benefits to any Business Employee, (ii) deemed an amendment of a Purchaser Benefit Plan providing benefits to any Transferred Employee or (iii) construed to prevent Purchaser or its Affiliates from terminating or modifying to any extent or in any respect any employee benefit plan that Purchaser or its Affiliates may establish or maintain.

Section 7.14 **Escrow Agreement**. Prior to Closing, Seller and Purchaser shall finalize and agree upon the form of the Escrow Agreement with the Escrow Agent and provide any and all documents and information requested by the Escrow Agent necessary to establish and open the escrow account under the Escrow Agreement prior to the Closing.

Section 7.15 **Title Curative and Restoration Matters**. Beginning on the Execution Date and continuing until the Title Curative Deadline, Seller shall, at its sole cost and expense (but solely for the time period beginning on the Closing Date and ending on the Title Curative Deadline) in consultation with Purchaser and Concho (on a weekly or such other basis as may be agreed between Seller and Purchaser) and in compliance with all applicable Laws and Contracts, use commercially reasonable efforts to complete (a) the title curative actions set forth on Schedule 7.15 and (b) any restoration work presently required as of the Execution Date under the terms of any Right of Way or applicable Law; *provided*, *however*, without limiting Purchaser's rights under Article 11 or Section 12.2(b)(i) with respect to any breaches of the representations and warranties of Seller, (x) the failure of any Person to complete or obtain any such curative actions or restoration work shall not constitute a failure of the condition to Closing set forth in Section 8.2(b) and (y) if any of the curative actions set forth on Schedule 7.15 remain uncured or any such restoration work remains unperformed as of the Title Curative Deadline, then Purchaser shall be entitled to seek all rights and remedies under Article 12 with respect to any breaches of Seller's representations and warranties herein; *provided*, *however*, that the existence of such curative matters or restoration work on any Schedule shall be disregarded from such Schedule for the purpose of determining the existence of the occurrence of a breach of the representation and warranty to which such Schedule relates. For the avoidance of doubt, (A) any fees, costs or expenses incurred by the Company or its Subsidiaries after the Execution Date and on or before the Closing Date with respect to the title curative actions or restoration work under this Section 7.15 shall constitute Transaction Costs (as such term is defined in the Class A Purchase Agreement) under the Class A Purchase Agreement and (B) after Closing, neither Company Group nor Purchaser shall have any responsibility or obligation hereunder to reimburse Seller, Concho or any of their respective Affiliates for any amounts incurred by any Seller, Concho or any of their respective Affiliates in connection with the performance of any of their obligations under this Section 7.15 or Section 7.15 of the Class A Purchase Agreement.

Section 7.16 **Class A Purchase Agreement**. Purchaser shall perform and observe, in all material respects, all covenants and agreements required to be performed or observed by Purchaser under the Class A Purchase Agreement prior to or on the Closing Date.

ARTICLE 8
CONDITIONS TO CLOSING

Section 8.1 **Conditions of Seller to Closing**. The obligations of Seller to consummate the transactions contemplated by this Agreement (except for the obligations of Seller to be performed prior to the Closing and obligations that survive termination of this Agreement), including the obligations of Seller to consummate the Closing, are subject, at the option of Seller, to the satisfaction on or prior to Closing of each of the conditions set forth in this Section 8.1, unless waived in writing by Seller:

(a) Representations. The representations and warranties of Purchaser set forth in Article 5 shall be true and correct in all material respects as of the Execution Date and as of the Closing Date, as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct in all material respects on and as of such specified date).

(b) Performance. Purchaser shall have performed and observed, in all material respects, all covenants and agreements to be performed or observed by Purchaser under this Agreement prior to or on the Closing Date.

(c) No Action. On the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial damages in connection therewith, shall have been issued and remain in force, and no suit, action or other proceeding (excluding any such matter initiated by Seller or any Affiliate of Seller) shall be pending before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial damages from Seller.

(d) HSR Act. The waiting period under the HSR Act has expired or terminated, or early termination of the waiting period shall have been granted.

(e) Closing Deliverables. Purchaser shall (i) have delivered to Seller the Purchaser Certificate and (ii) be ready, willing and able to deliver to Seller at the Closing the other documents and items required to be delivered by Purchaser under Section 9.3.

(f) Class A Purchase Agreement. The transactions contemplated by the Class A Purchase Agreement shall have closed pursuant to the terms and conditions thereof.

Section 8.2 **Conditions of Purchaser to Closing**. The obligations of Purchaser to consummate the transactions contemplated by this Agreement (except for the obligations of Purchaser to be performed prior to the Closing and obligations that survive termination of this Agreement), including the obligations of Purchaser to consummate the Closing, are subject, at the option of Purchaser, to the satisfaction on or prior to Closing of each of the conditions set forth in this Section 8.2, unless waived in writing by Purchaser:

(a) Representations. Each representation and warranty of Seller set forth in Article 3 and Article 4 shall be true and correct in all respects (without regard to any Material Adverse Effect or other materiality qualifier) as of the Execution Date and as of the Closing Date as though made on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except to the extent the failure of any such representation or warranty to be true and correct does not result in a Material Adverse Effect.

(b) Performance. Seller shall have performed and observed, in all material respects, each covenant and agreement to be performed or observed by Seller under this Agreement prior to or on the Closing Date.

(c) No Action. On the Closing Date, no injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, or granting substantial damages in connection therewith, shall have been issued and remain in force, and no suit, action or other proceeding (excluding any such matter initiated by Purchaser or any Affiliate of Purchaser) shall be pending before any Governmental Authority or body of competent jurisdiction seeking to enjoin or restrain or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover substantial damages from Purchaser.

(d) HSR Act. The waiting period under the HSR Act has expired or terminated, or early termination of the waiting period shall have been granted.

(e) Closing Deliverables. Seller shall (i) have delivered to Purchaser the Seller Certificate and (ii) be ready, willing and able to deliver to Purchaser at the Closing the other documents and items required to be delivered by Seller under Section 9.2.

(f) Class A Purchase Agreement. The transactions contemplated by the Class A Purchase Agreement shall have closed pursuant to the terms and conditions thereof.

ARTICLE 9
CLOSING

Section 9.1 **Time and Place of Closing**. The consummation of the purchase and sale of the Subject Securities contemplated by this Agreement (the "***Closing***") shall, unless otherwise agreed to in writing by Purchaser and Seller, take place at the offices of Vinson & Elkins LLP located at 1001 Fannin, Suite 2500, Houston, Texas 77002-6760 at 10:00 a.m., Central Standard Time, on the "Closing Date" (as defined in the Class A Purchase Agreement), subject to the provisions of Article 11. The date on which the Closing occurs is referred to herein as the "***Closing Date***". All actions to be taken and all documents and instruments to be executed and delivered at Closing shall be deemed to have been taken, executed and delivered simultaneously and, except as permitted hereunder, no actions shall be deemed taken nor any document and instruments executed or delivered until all actions have been taken and all documents and instruments have been executed and delivered.

Section 9.2 **Obligations of Seller at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Purchaser of

its obligations pursuant to Section 9.3, Seller shall deliver or cause to be delivered to Purchaser, the following:

(a) The Assignment of the Subject Securities in the form attached hereto as Exhibit B (the "***Assignment***"), duly executed by Seller;

(b) A certificate of non-foreign status that meets the requirements set forth in Treasury Regulations Section 1.1445-2(b)(2) in the form attached hereto as Exhibit C, duly executed by the applicable officer of Seller (or, if Seller is disregarded as separate from another Person, then the applicable officer of such Person);

(c) A transition services agreement in the form attached hereto as Exhibit D (the "***Transition Services Agreement***"), duly executed by Seller;

(d) A certificate duly executed by an authorized officer of Seller, dated as of the Closing, certifying on behalf of Seller that the conditions set forth in Section 8.2(a) and Section 8.2(b) have been fulfilled (the "***Seller Certificate***");

(e) The resignation or removal (effective as of Closing) of managers, officers and directors, as applicable, nominated or appointed by Seller or its Affiliates to any board or operating, management or other committee of the Company and the Subsidiaries;

(f) Complete and accurate copies of any Consents listed on Schedule 3.4 or Schedule 4.2, duly executed by the applicable Persons holding such Consents rights;

(g) The Management Agreement Termination, duly executed by the Affiliate of Seller that is a party to the Management Agreement and effective as of the Closing Date;

(h) An Escrow Agreement, duly executed by Seller; and

(i) All other documents and instruments reasonably requested by Purchaser from Seller that are necessary to transfer the Subject Securities to Purchaser and to consummate any other transactions contemplated by this Agreement.

Section 9.3 **Obligations of Purchaser at Closing**. At the Closing, upon the terms and subject to the conditions of this Agreement, and subject to the simultaneous performance by Seller of its obligations pursuant to Section 9.2, Purchaser shall deliver or cause to be delivered to Seller, among other things, the following:

(a) A wire transfer of the Closing Payment in same day funds to the Persons and accounts designated in writing by Seller in the notice delivered pursuant to Section 2.3(a);

(b) A wire transfer of the Holdback Amount in same day funds to the escrow account maintained by the Escrow Agent under the Escrow Agreement;

(c) The Assignment, duly executed by Purchaser;

(d) A certificate, duly executed by an authorized officer of Purchaser, dated as of the Closing, certifying on behalf of Purchaser that the conditions set forth in Section 8.2(a) and Section 8.2(b) have been fulfilled (the "***Purchaser Certificate***");

(e) The Transition Services Agreement, duly executed by Purchaser;

(f) An Escrow Agreement, duly executed by Purchaser; and

(g) All other documents and instruments reasonably requested by Seller from Purchaser that are necessary to transfer the Subject Securities to Purchaser and to consummate any other transactions contemplated by this Agreement.

ARTICLE 10
TAX MATTERS

Section 10.1 **Transfer Taxes**. Purchaser shall bear and pay any sales, use, transfer, stamp, documentary, registration, excise or similar Taxes incurred or imposed with respect to the transactions described in this Agreement ("***Transfer Taxes***"). Seller and Purchaser shall reasonably cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any Transfer Taxes.

Section 10.2 **Tax Returns**.

(a) Seller shall prepare or cause to be prepared and timely file or cause to be timely filed (i) all U.S. federal income Tax Returns of the Company (and related Schedules K-1) required to be filed after the Closing Date for any Tax period ending on or prior to the Closing Date and (ii) any Tax Returns (other than the Tax Returns described in clause (i) above) of the Company or any of its Subsidiaries for income Taxes that are imposed on a "flow-through" basis and required to be filed after the Closing Date for Tax periods ending on or prior to the Closing Date. Such Tax Returns shall be prepared on a basis consistent with past practice except to the extent (A) otherwise required by applicable Laws or (B) any deviation from past practice is not reasonably expected to adversely affect Purchaser. At least thirty (30) days prior to the due date for filing the U.S. federal income Tax Return of the Company for the period ending on the Closing Date, Seller shall deliver a draft of such Tax Return, together with all supporting documentation and workpapers, to Purchaser for its review and comment. If Purchaser has any reasonable comments to such Tax Return, Purchaser shall, at least ten (10) days prior to the due date for filing such Tax Return, notify Seller of any such reasonable comments in writing, and Seller will cause such Tax Return (as revised to incorporate Purchaser's reasonable comments) to be timely filed and will provide a copy thereof to Purchaser.

(b) Seller shall prepare or cause to be prepared all Tax Returns of the Company and its Subsidiaries (other than the Tax Returns set forth in Section 10.2(a)) for all Pre-Effective Time Periods that are required to be filed after the Closing Date. Such Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by applicable Laws. At least thirty (30) days prior to the due date for filing any such Tax Return (other than any such Tax Return required to be filed contemporaneously with, or promptly after, the close of a Tax period), Seller shall deliver a draft of each such Tax Return, together with all supporting documentation and workpapers, to Purchaser for its review and comment. If Purchaser has any reasonable comments to such Tax Return, Purchaser shall, at least ten (10) days prior to the due date for filing such Tax Return, notify Seller of any such reasonable comments in writing, and Purchaser will cause such

Tax Return (as revised to incorporate Purchaser's reasonable comments) to be timely filed and will provide a copy thereof to Seller.

(c) Within three (3) days prior to the due date for filing of any Tax Return covered by Section 10.2(b), Seller shall pay to Purchaser the Seller Share of the amount of Taxes shown on such Tax Return that are Seller Taxes.

Section 10.3 **Straddle Period Taxes**. In the case of Taxes that are payable with respect to any Straddle Period, the portion of any such Taxes that is attributable to the portion of such Straddle Period ending before the Effective Time shall be:

(a) in the case of Taxes that are either (i) based upon or related to income or receipts or (ii) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount that would be payable if the Tax period of the Company and its Subsidiaries ended immediately before the Effective Time; *provided* that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending immediately before the Effective Time and the period beginning at the Effective Time in proportion to the number of days in each period; and

(b) in the case of Taxes that are imposed on a periodic basis with respect to the assets or capital of the Company or any Subsidiary, deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), *multiplied by* a fraction the numerator of which is the number of calendar days in the portion of the period ending immediately before the Effective Time and the denominator of which is the number of calendar days in the entire period.

Section 10.4 **Cooperation**. Purchaser and Seller shall cooperate fully as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding (each a "***Tax Proceeding***") with respect to Taxes imposed on or with respect to the assets, operations or activities of the Company or any Subsidiary. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such Tax Return (including, for the avoidance of doubt, providing Purchaser with the U.S. federal income Tax Return of the Company, together with all supporting documentation and workpapers, for the Tax period ending on the Closing Date in order to provide Purchaser with the records and information reasonably necessary to prepare and file the Texas franchise Tax Return of the Company for the period beginning January 1, 2017, and ending on the Closing Date) or Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Notwithstanding the above, the control and conduct of any Tax Proceeding that is a Third Party Claim shall be governed by Section 12.5.

Section 10.5 **Amended Returns**. No amended Tax Return of the Company or any of its Subsidiaries with respect to a Pre-Effective Time Period or Straddle Period shall be filed by or on behalf of the Company or any of its Subsidiaries without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 10.6 **Tax Refunds**. The Seller Share of the amount of any refunds of Taxes of the Company and its Subsidiaries for any Pre-Effective Time Period received by Purchaser, the Company or its Subsidiaries shall be for the account of Seller, except to the extent any such refund (a) was included as a Working Capital Asset (as defined in the Class A Purchase Agreement) in the final determination of Effective Time Working Capital (as defined in the Class A Purchase Agreement) in accordance with the Class A Purchase Agreement, (b) results from the carryback of any net operating loss, credit or other Tax attribute from any Tax period (or portion thereof) beginning after the Effective Time or (c) is of Seller Taxes that are paid by Purchaser, any of its Affiliates, the Company or any of its Subsidiaries after the Closing that have not been indemnified by Seller pursuant to Section 12.2(b)(iii). The amount of any refunds of Taxes of the Company and its Subsidiaries for any Tax period beginning after the Effective Time shall be for the account of Purchaser. The Seller Share of the amount of any refunds of Taxes of the Company and its Subsidiaries for any Straddle Period shall be equitably apportioned between Purchaser and Seller in accordance with the principles set forth in Section 10.3, except that no such refund shall be apportioned to Seller to the extent any such refund (i) was included as a Working Capital Asset (as defined in the Class A Purchase Agreement) in the final determination of Effective Time Working Capital (as defined in the Class A Purchase Agreement) in accordance with the Class A Purchase Agreement, (ii) results from the carryback of any net operating loss, credit or other Tax attribute from any Tax period (or portion thereof) beginning after the Closing Date or (iii) is of Seller Taxes that are paid by Purchaser, any of its Affiliates, the Company or any of its Subsidiaries after the Closing that have not been indemnified by Seller pursuant to Section 12.2(b)(iii). Each party shall forward, and shall cause its Affiliates to forward, to the party entitled to receive a refund of Tax pursuant to this Section 10.6 the amount of such refund within thirty (30) days after such refund is received, net of any reasonable third-party costs or expenses incurred by such party or its Affiliates in procuring such refund.

Section 10.7 **Section 754 Election**. Seller shall cause the Company to make an election under Section 754 of the Code on its U.S. federal income Tax Return (and to the extent applicable, any state or local Tax Return) that includes the Closing Date.

ARTICLE 11
TERMINATION

Section 11.1 **Termination**. This Agreement may be terminated at any time prior to Closing (the date of any permitted termination of this Agreement under this Section 11.1, the "***Termination Date***"):

(a) automatically upon the termination of the Class A Purchase Agreement; or

(b) automatically upon the occurrence of the Call Option Exercise (as such term is defined in the Class A Purchase Agreement) in accordance with the terms and conditions of Section 5.3 of the LLC Agreement.

Section 11.2 **Effect of Termination**.

(a) If this Agreement is terminated pursuant to Section 11.1, this Agreement shall become void and of no further force or effect (except for the provisions of Article 1, Section 5.10, Article 6, Section 7.1(c), Section 7.1(d), Section 7.1(e), Section 7.9, Section 7.10, Section 7.13(i), Article 11 and Article 13, all of which shall survive and continue in full force and effect indefinitely). The Confidentiality Agreement shall survive any termination of this Agreement.

(b) In the event that the closing under the Class A Purchase Agreement has occurred and the Closing under this Agreement has not occurred, then in such event each Party shall be entitled to enforce and cause the specific performance of this Agreement.

(c) Each Party acknowledges that as express consideration for the Parties entering into this Agreement and such Party's representations, warranties and covenants set forth herein, each Party covenants and agrees that solely with respect to each Parties' rights under Section 11.2(b), (i) the rights of each Party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, if any Party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching Party may be without an adequate remedy at Law, (ii) each Party would be irreparably harmed by any breaches by the other Party of its obligations to consummate the transactions hereunder as and when required by such Party hereunder, (iii) monetary damages would not be a sufficient remedy for any violation of the terms of this Agreement with respect to each Parties' rights under Section 11.2(b), (iv) the other Party shall be entitled to equitable relief, including injunction (without the posting of any bond and without proof of actual damages) and specific performance, in the event of any breach of the provisions of this Agreement with respect to each Parties' rights under Section 11.2(b), in addition to all other remedies available at Law or in equity, including monetary damages, (v) neither Party, nor its representatives shall oppose the granting of specific performance or any such relief as a remedy with respect to each Parties' rights under Section 11.2(b) and (vi) each Party agrees to waive any requirement for the security or posting of any bond in connection with the remedies described in Section 11.2(b).

ARTICLE 12
INDEMNIFICATION; LIMITATIONS

Section 12.1 **Seller's Indemnification Rights**. Subject to the terms hereof, from and after the Closing Date, Purchaser shall be responsible for, shall pay and shall indemnify, defend and hold harmless Seller, each Affiliate of Seller and each of such Person's respective officers, directors, employees and agents ("***Seller Group***") from and against all obligations, liabilities, claims, causes of action and Damages caused by, arising out of, attributable to or resulting from:

(a) the failure or breach of Purchaser's covenants or agreements contained in this Agreement or in any other Transaction Document; and

(b) any failure or breach of any representation or warranty made by Purchaser contained in Article 5 of this Agreement, the Purchaser Certificate or in any other Transaction Document;

EVEN IF ANY SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEES OR THIRD PARTIES.

Section 12.2 **Purchaser's Indemnification Rights**. Subject to the terms hereof, from and after the Closing Date, Seller shall be responsible for, shall pay and shall indemnify, defend and hold harmless each of Purchaser, the Affiliates of Purchaser and each of their respective officers, directors, employees and agents ("***Purchaser Group***") from and against:

(a) all obligations, liabilities, claims, causes of action and Damages caused by, arising out of, attributable to or resulting from:

(i) the failure or breach of Seller's covenants or agreements contained in this Agreement or in any other Transaction Document;

(ii) any failure or breach of any Seller-Specific Representations; and

(b) the Seller Share of all obligations, liabilities, claims, causes of action and Damages caused by, arising out of, attributable to or resulting from:

(i) any failure or breach of any Company-Specific Representations;

(ii) the signing or execution of any Tax Return set forth in Section 10.2(a) by any Person within the Purchaser Group; and

(iii) any and all Seller Taxes;

EVEN IF ANY SUCH DAMAGES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY INDEMNIFIED PERSON, INVITEES OR THIRD PARTIES.

Section 12.3 **Survival; Limitation on Actions**.

(a) Subject to Section 12.3(b) and Section 12.3(c): (i) the Non-Fundamental Representations of Seller shall survive Closing and terminate on the date twelve (12) months after the Closing Date; (ii) the Fundamental Representations of Seller shall survive Closing indefinitely; *provided*, the Fundamental Representations of Seller set forth in Section 4.9 (including the corresponding representations and warranties given in the Seller Certificate) shall survive the Closing and terminate thirty (30) days after the expiration of the applicable statute of limitations; (iii) the covenants and agreements of Seller or Purchaser, as applicable, to be performed on or prior to Closing shall terminate as of the Closing Date; (iv) the covenants and agreements of Seller or Purchaser, as applicable, to be performed after Closing shall survive the Closing and terminate on the later to occur of (A) the date twelve (12) months after the Closing Date and (B) the date such covenant expires pursuant to its terms or is otherwise fully performed; *provided*, all covenants with respect to Taxes under Article 10 shall survive the Closing and terminate thirty (30) days after the expiration of the applicable statute of limitations; (v) the indemnification rights of the Purchaser Group in Section 12.2(a)(i), Section 12.2(a)(ii) and Section 12.2(b)(i) shall survive the Closing and

terminate as of the termination date of each respective representation, warranty, covenant or agreement of Seller that is subject to indemnification thereunder; (vi) the indemnification rights of the Purchaser Group in Section 12.2(b)(ii) and Section 12.2(b)(iii) shall survive Closing and terminate thirty (30) days after the expiration of the applicable statute of limitations; (vii) the Fundamental Representations of Purchaser shall survive Closing indefinitely; (viii) the Non-Fundamental Representations of Purchaser shall survive Closing and terminate on the date thirty (30) days after the expiration of the applicable statute of limitations; and (ix) the representations, warranties, covenants and agreements of Seller and Purchaser set forth in this Agreement and the other Transaction Documents shall be of no further force and effect, and neither Seller nor Purchaser shall have any obligations hereunder, after the applicable date of their expiration; *provided*, *however*, there shall be no expiration or termination of any bona fide claim validly asserted pursuant to a Claim Notice pursuant to this Agreement with respect to such a representation, warranty, covenant, or agreement prior to the expiration or termination date of the applicable survival period thereof.

(b) As a condition to making any claims for indemnification, defense or to be held harmless under this Article 12, Purchaser or Seller, as applicable, must deliver a Claim Notice pursuant to this Agreement prior to the expiration or termination date of the applicable survival period (if any) thereof or the date otherwise required to be delivered hereunder. All rights of each member of the Purchaser Group under Section 12.2 or the Seller Group under Section 12.1, as applicable, to indemnification or defense from Seller or Purchaser, as applicable, shall terminate and expire as of the termination date of each respective representation, warranty, covenant or agreement of Seller or Purchaser, as applicable, for which the other Party is entitled to indemnification or defense from such Party, except in each case as to matters for which a specific written Claim Notice has been delivered to Seller or Purchaser, as applicable, on or before the earlier of such termination date or the date otherwise required to be delivered hereunder.

(c) Subject to this Section 12.3(c) and Section 13.11, notwithstanding anything to the contrary contained elsewhere in this Agreement, Purchaser shall not be entitled to indemnity or reimbursement: (i) under Section 12.2(a)(ii) and Section 12.2(b)(i) for any and all Damages relating to or arising out of any individual event, matter or occurrence for which a Claim Notice is delivered by Purchaser and for which Seller admits (or it is otherwise finally determined) that Purchaser is entitled to indemnification or defense from Seller pursuant to Section 12.2(a)(ii) or Section 12.2(b)(i) with respect to the Non-Fundamental Representations of Seller unless and until the total amount of Damages that Seller would otherwise be responsible for hereunder exceeds the Individual Threshold (it being agreed that the Individual Threshold represents a threshold and not a deductible); (ii) under Section 12.2(a)(ii) and Section 12.2(b)(i) with respect to the Non-Fundamental Representations of Seller for any and all Damages that Seller would otherwise be responsible for hereunder that exceed the Individual Threshold and for which Claim Notices are delivered by Purchaser and for which Seller admits (or it is otherwise finally determined) that Purchaser is entitled to indemnification or defense from Seller pursuant to Section 12.2(a)(ii) and Section 12.2(b)(i) with respect to the Non-Fundamental Representations of Seller unless the aggregate amount of all such Damages exceeds the Indemnity Deductible (and then only to the extent such Damages exceed the Indemnity Deductible); (iii) under Section 12.2(a) or Section 12.2(b) for any and all Damages that Seller would otherwise be responsible for hereunder with respect to the Non-Fundamental Representations of Seller, for such aggregate Damages (after giving effect to Section 12.3(b)(i) and Section 12.3(b)(ii)) in excess of ten percent (10%) of the Purchase Price; (iv) subject to Section 12.3(b)(iii), for any and all Damages under this Agreement in excess of the Purchase Price. Given that the Parties have agreed upon a threshold (as provided above) in an

amount equal the Indemnity Deductible as a means of applying a materiality standard to Purchaser's indemnification claims, pursuant to Section 12.2(a)(ii) and Section 12.2(b)(i) for purposes of this Article 12, the calculation of any Damages (but not the determination of any inaccuracy or breach) associated with or incurred by any Purchaser Group in connection with the inaccuracy in or breach of any representation or warranty of Seller set forth herein or in the Transaction Documents and shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty; and (v) under this Article 12 or any other provision of this Agreement for any and all Damages of Purchaser with respect to the Released Claims.

(d) Seller and Purchaser each acknowledge and agree that, except as expressly set forth in Article 11, (i) the payment of money, as limited by the terms of this Agreement, shall be adequate compensation for breach of any representation, warranty, covenant or agreement contained herein or for any other claim arising in connection with or with respect to the transactions contemplated by this Agreement and (ii) Purchaser and Seller hereby waive any and all rights to rescind, reform, cancel, terminate, revoke or void this Agreement or any of the transactions contemplated hereby; *provided*, *however*, each Party shall have the non-exclusive right to specific performance and other equitable remedies available at Law or equity (including injunctive relief) for the breach or failure of the other Party to perform its obligations hereunder required to be performed after Closing.

Section 12.4 **Exclusive Remedy and Certain Limitations**.

(a) Notwithstanding anything to the contrary contained in this Agreement, other than with respect to any claims arising from Fraud of a Party, to which this Section 12.4(a) shall not apply, from and after Closing each of Purchaser's and Purchaser Group's and Seller's and Seller Group's sole and exclusive remedy against any member of the Seller Group or the Purchaser Group, as applicable, with respect to the negotiation, performance and consummation of the transactions contemplated hereunder, any breach of the representations, warranties, covenants and agreements of any member of the Seller Group or the Purchaser Group, as applicable, contained herein, the affirmations of such representations, warranties, covenants and agreements contained in the Seller Certificate or the Purchaser Certificate, respectively, or contained in any other Transaction Document delivered hereunder by or on behalf of any member of the Seller Group or the Purchaser Group, as applicable, are (i) the rights to indemnification or defense from Seller set forth in Section 12.2 or from Purchaser as set forth in Section 12.1, each as limited by the terms of this Article 12 and (ii) the right to seek specific performance for the breach or failure of Seller or Purchaser to perform any covenants required to be performed after Closing. Except for the remedies for indemnification or defense from Seller or Purchaser, as applicable, contained in this Article 12 or elsewhere in this Agreement upon Closing, any rights or claims of the Company or Seller (or any of their Affiliates) pursuant to any other written agreement with the Seller Group or the Purchaser Group, as applicable, each of Purchaser and Seller waives, releases, remises and forever discharges, and shall cause each member of the Purchaser Group or Seller Group, as applicable, to waive, release, remise and forever discharge, each member of the Seller Group or Purchaser Group, as applicable, from any and all Damages, suits, legal or administrative proceedings, claims, demands, losses, costs, obligations, liabilities, interest, charges or causes of action whatsoever, in Law or in equity, known or unknown, which any member of the Purchaser Group or Seller Group, as applicable, might now or subsequently may have, based on, relating to or arising out of the negotiation, performance and consummation of this Agreement or the other Transaction Documents or the

transactions contemplated hereunder or thereunder, or the condition, quality, status or nature of any Assets, **INCLUDING RIGHTS TO CONTRIBUTION UNDER CERCLA OR ANY OTHER ENVIRONMENTAL LAW, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY ANY MEMBER OF THE PURCHASER GROUP OR THE SELLER GROUP, AS APPLICABLE, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY RELEASED PERSON, INVITEES OR THIRD PARTIES**. No Party or Person is asserting the accuracy, completeness or truth of any representation and warranty set forth in this Agreement; rather, the Parties have agreed that should any representation or warranty of any Party prove inaccurate, incomplete or untrue, the other Party shall have the specific rights and remedies herein specified as the exclusive remedy therefor, but that no other rights, remedies or causes of action (whether in Law or in equity or whether in contract or in tort or otherwise) are permitted to any Party as a result of the failure, breach, inaccuracy, incompleteness or untruthfulness of any such representation and warranty.

(b) Any claim for indemnity under this Article 12 by any current or former Affiliate, stockholder, member, officer, director, employee, agent, lender, advisor, representative, accountant, attorney and consultant of any Party must be brought and administered by the applicable Party to this Agreement. No Indemnified Person other than Seller and Purchaser shall have any rights against Seller or Purchaser under the terms of this Article 12, except as may be exercised on its behalf by Purchaser or Seller, as applicable, pursuant to this Article 12. Seller and Purchaser may elect to exercise or not exercise indemnification rights under this Agreement on behalf of the other Indemnified Persons affiliated with it in its sole discretion and shall have no liability to any such other Indemnified Person for any action or inaction under this Section 12.4.

(c) The amount of any Damages for which a Party or any member of the Purchaser Group or the Seller Group, as applicable, is entitled to indemnity under this Article 12 shall be reduced by the amount of insurance or other third party proceeds, recoupment, reimbursements or claims realized by Purchaser or applicable members of the Purchaser Group (including Company and any Subsidiary) or the Seller Group, as applicable, under the relevant insurance arrangements, agreements, contracts or applicable Laws with respect to such Damages, less all costs of pursuing such claim. Each Party shall use, and shall cause its Affiliates to use, commercially reasonable efforts to pursue and prosecute any and all claims against Third Parties (including against Concho under the terms of the Class A Purchase Agreement) for which such Party or any member of the Purchaser Group (including Company and any Subsidiary) or the Seller Group, as applicable, is entitled to indemnification or defense from the other Party under this Article 12. In the event that any set of facts or circumstances may give a Party or any member of the Purchaser Group or the Seller Group, as applicable, a claim to indemnification or defense under both this Agreement and the Class A Purchase Agreement, such Party shall be required to concurrently seek indemnification or defense under the Class A Purchase Agreement for such claim, and to exhaust all remedies thereunder in connection with such claims or right of defense. In the

event that any member of the Purchaser Group or the Seller Group, as applicable, receives funds or proceeds from Concho or any insurance carrier or any other Third Party with respect to any Damages, Purchaser or Seller, as applicable, shall, regardless of when received by such member of the Purchaser Group or the Seller Group, as applicable, promptly pay and reimburse the other Party such funds or proceeds to the extent of any funds previously paid to any member of the Purchaser Group or the Seller Group, as applicable, with respect to such Damages, less all costs of pursuing such claim; *provided*, in no case shall Seller be entitled to any proceeds Purchaser recovers from Concho with respect to Damages in respect of a breach of a Company-Specific Representation.

(d) Each Indemnified Person shall make reasonable efforts to mitigate or minimize all Damages upon and after becoming aware of any event or condition which would reasonably be expected to give rise to any Damages that are indemnifiable hereunder. If an Indemnified Person fails to so mitigate any indemnifiable Damages under the preceding sentence, the Indemnifying Party shall have no liability for the portion of such Damages that reasonably could have been avoided, reduced or mitigated had the Indemnified Person made such reasonable efforts.

(e) The Parties shall treat, for U.S. federal and applicable state and local income Tax purposes, any amounts paid or received under this Article 12 as an adjustment to the Purchase Price, unless otherwise required by applicable Laws.

(f) Notwithstanding anything to the contrary contained in this Agreement, under no circumstances shall any Party be entitled to double recovery under this Agreement, and to the extent a Party is compensated for a matter through an adjustment to the Purchase Price or third party recovery or insurance recovery (including from Concho under the Class A Purchase Agreement or any other agreements) actually received, such Party shall not have a separate right to indemnification hereunder for such matter.

(g) To the extent of the indemnification obligations in this Agreement, Purchaser and Seller hereby waive for themselves and their respective successors and assigns, including any insurers, any rights to subrogation for Damages for which such Party is liable or against which such Party indemnifies any other Person under this Agreement. If required by applicable insurance policies, each Party shall obtain a waiver of such subrogation from its insurers.

Section 12.5 **Indemnification Actions**. All claims for indemnification under Article 12 shall be asserted and resolved as follows:

(a) For purposes of this Article 12, the term "***Indemnifying Party***" when used in connection with particular Damages means (i) Seller in the event any member of the Purchaser Group is entitled to indemnity under this Agreement and (ii) Purchaser in the event any member of

the Seller Group is entitled to indemnification under this Agreement. For purposes of this Article 12, the term "***Indemnified Person***" when used in connection with particular Damages means (A) Purchaser in the event any member of the Purchaser Group is entitled to indemnity under this Agreement and (B) Seller in the event any member of the Seller Group is entitled to indemnification under this Agreement.

(b) To make a claim for indemnification, defense or reimbursement under this Article 12, an Indemnified Person shall notify the Indemnifying Party of its claim, including the specific details (including supporting documentation of the alleged Damages and such Indemnified Person's good faith estimate of the applicable claim) of and specific basis under this Agreement for its claim (the "***Claim Notice***").

(c) In the event that any claim for indemnification set forth in any Claim Notice is based upon a claim by a Third Party against the Indemnified Person (a "***Third Party Claim***"), the Indemnified Person shall provide its Claim Notice promptly after the Indemnified Person has actual knowledge of the Third Party Claim and shall enclose a copy of all papers (if any) served with respect to the Third Party Claim; *provided* that the failure of any Indemnified Person to give notice of any Third Party Claim as provided in this Section 12.5 shall not relieve the Indemnifying Party of its obligations under this Article 12 except to the extent such failure results in insufficient time being available to permit the Indemnifying Party to effectively defend against the Third Party Claim or otherwise prejudices the Indemnifying Party's ability to defend against the Third Party Claim. In the event that the claim for indemnification is based upon an alleged inaccuracy or breach of a representation, warranty, covenant or agreement, the Claim Notice shall specify the representation, warranty, covenant or agreement that was allegedly inaccurate or breached.

(d) In the case of a claim for indemnification based upon any Third Party Claim, the Indemnifying Party shall have thirty (30) days from its receipt of the Claim Notice to notify the Indemnified Person whether it admits or denies (i) in the case of Seller, Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or (ii) in the case of Purchaser, its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12. The Indemnified Person is authorized, prior to and during such thirty (30) day period, to file any motion, answer or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Party and that is not prejudicial to the Indemnifying Party. If the Indemnifying Party fails to notify the Indemnified Person within such thirty (30) day period regarding whether the Indemnifying Party admits or denies (A) in the case of Seller, Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or (B) in the case of Purchaser, its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, then until such date as the Indemnifying Party admits or it is finally determined by a non-appealable judgment that such right or obligation exists, the Indemnified Person may file any motion, answer or other pleading, settle any Third Party Claim or take any other action that the Indemnified Person deems necessary or appropriate to protect its interest, regardless of whether the Indemnifying Party is prejudiced or adversely impacted by any such actions.

(e) If (x) Seller admits Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or (y) Purchaser admits its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, then the applicable Indemnifying Party shall have (i) the right and obligation to

diligently prosecute and control the defense of such Third Party Claim, at the sole cost and expense of Purchaser if Purchaser is the Indemnifying Party and at the sole cost and expense of Seller if Seller is the Indemnifying Party and (ii) have full control of such defense and proceedings, including any compromise or settlement thereof, unless the compromise or settlement includes the payment of any amount by, the performance of any obligation by, or the limitation of any right or benefit of, the Indemnified Person or pertains to Taxes, in which event such settlement or compromise shall not be effective without the consent of the Indemnified Person, which shall not be unreasonably withheld or delayed. If requested by the Indemnifying Party, the Indemnified Person agrees at the cost and expense of the Indemnifying Party to cooperate in contesting any Third Party Claim which the Indemnifying Party elects to contest; *provided*, *however*, that the Indemnified Person shall not be required to bring any counterclaim or cross-complaint against any Person. The Indemnified Person may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 12.5(e) *provided* that the Indemnified Person may file initial pleadings as described in the last sentence of subsection (d) above if required by court or procedural rules to do so within the thirty (30) day period in subsection (d) above. An Indemnifying Party shall not, without the written consent of the Indemnified Person, settle any Third Party Claim or consent to the entry of any judgment with respect thereto that (A) does not result in a final resolution of the Indemnified Person's liability with respect to the Third Party Claim (including, in the case of a settlement, an unconditional written release of the Indemnified Person from all further liability in respect of such Third Party Claim), (B) may materially and adversely affect the Indemnified Person (other than as a result of money damages covered by the indemnity) or (C) pertains to Taxes.

(f) If (x) Seller does not admit Purchaser's right to indemnification or defense from Seller in respect of such Third Party Claim as provided in this Article 12 or admits such right but thereafter fails to diligently defend or settle the Third Party Claim or (y) Purchaser does not admit Seller's right to indemnification or defense in respect of such Third Party Claim as provided in this Article 12 or admits its obligation but thereafter fails to diligently defend or settle the Third Party Claim, as applicable, then the Indemnified Person shall have the right, but not the obligation, to defend and control the defense against the Third Party Claim (at the sole cost and expense of the Indemnifying Party if Purchaser is the Indemnifying Party or at the sole cost and expense of Seller if Seller is the Indemnifying Party, and in either case if the Indemnified Person is entitled to indemnification hereunder), with counsel of the Indemnified Person's choosing, subject to the right of (x) Seller as the Indemnifying Party to admit Purchaser's right to indemnity and reimbursement right against Seller in respect of such Third Party Claim as provided in this Article 12 or (y) Purchaser as the Indemnifying Party to admit its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, at any time prior to settlement or final determination thereof. If (x) Seller has not yet admitted Purchaser's right to indemnity and reimbursement right against Seller in respect of such Third Party Claim as provided in this Article 12 or (y) Purchaser has not yet admitted its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, the Indemnified Person shall send written notice to the Indemnifying Party of any proposed settlement and the Indemnifying Party shall have the option for ten (10) days following receipt of such notice to (i) (x) in the case of Seller, admit Purchaser's right to indemnity and reimbursement right against Seller in respect of such Third Party Claim as provided in this Article 12 or (y) in the case of Purchaser, admit its obligation to defend the Indemnified Person against such Third Party Claim under this Article 12, as applicable, and (ii) if such right or obligation is so admitted, assume the defense of the Third Party Claim, including

the power to reject the proposed settlement. If the Indemnified Person settles any Third Party Claim over the objection of the Indemnifying Party after the Indemnifying Party has timely admitted such right or obligation for indemnification in writing and assumed the defense of the Third Party Claim, the Indemnified Person shall be deemed to have waived any right to indemnity with respect to the Third Party Claim.

(g) If both Seller and Concho admit that they are obligated to indemnify and defend an Indemnified Person against a Third Party Claim and Concho desires to control such defense or settlement of such Third Party Claim, then Seller agrees and acknowledges that Concho shall be entitled to control such defense or settlement on behalf of Seller and Concho and the cost and expense of such defense shall be borne equally by Seller and Concho. Notwithstanding the foregoing, in no event shall Seller agree, settle, compromise or enter into any agreement with any member of the Purchaser Group or any Third Party with respect to any claim for indemnification, defense or reimbursement under this Article 12 by any member of the Purchaser Group or by any Third Party without the prior written consent of Concho. Seller and Purchaser acknowledge and agree that any settlement or compromise with respect to any claim for indemnification, defense or reimbursement under this Article 12 by any member of the Purchaser Group or any Third Party entered into without the prior written consent of Concho shall be null and void *ab initio*.

(h) Seller agrees that, in the event Purchaser brings suit against Concho for any claim, cause of action or dispute arising out of or relating to the Class A Purchase Agreement, including any claim for indemnification pursuant to Article 12 of the Class A Purchase Agreement, Seller consents to jurisdiction in the same court and lawsuit and waives any objection it may have to suit on the basis of lack of personal jurisdiction, improper venue or forum non conveniens.

(i) In the case of a claim for indemnification not based upon a Third Party Claim (a "***Direct Claim***"), such Direct Claim shall be asserted by giving the Indemnifying Party reasonably prompt Claim Notice thereof prior to the termination of the applicable survival period. Such Claim Notice by the Indemnified Person shall describe the Direct Claim in reasonable detail, shall include copies of all available material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of Damages that have been or may be sustained by the Indemnified Person. The Indemnifying Party shall have sixty (60) days from its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) (A) in the case of Seller, admit Purchaser's right to indemnity and reimbursement right against Seller in respect of such Direct Claim as provided in this Article 12 or (B) in the case of Purchaser, admit its obligation to indemnify the Indemnified Person with respect to such Direct Claim under this Article 12, as applicable or (iii) dispute the claim for such Damages. If the Indemnifying Party does not notify the Indemnified Person within such sixty (60) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Party shall be conclusively deemed (A) in the case of Seller, to have admitted Purchaser's right to indemnity and reimbursement right against Seller in respect of such Direct Claim as provided in this Article 12 or (B) in the case of Purchaser, to have admitted its obligation to indemnify the Indemnified Person with respect to such Direct Claim under this Article 12, as applicable.

Section 12.6 **Express Negligence/Conspicuous Manner**. **WITH RESPECT TO THIS AGREEMENT, BOTH PARTIES AGREE THAT THE PROVISIONS SET OUT IN THIS ARTICLE 12 AND ELSEWHERE IN THIS AGREEMENT COMPLY WITH THE REQUIREMENT, KNOWN AS THE EXPRESS NEGLIGENCE RULE, TO EXPRESSLY STATE IN A CONSPICUOUS MANNER TO AFFORD FAIR AND ADEQUATE NOTICE THAT THIS AGREEMENT HAS PROVISIONS REQUIRING PURCHASER TO BE RESPONSIBLE FOR THE NEGLIGENCE (WHETHER GROSS, SOLE, JOINT, ACTIVE, PASSIVE, COMPARATIVE OR CONCURRENT), STRICT LIABILITY OR OTHER FAULT OF MEMBERS OF THE SELLER GROUP. PURCHASER REPRESENTS TO THE SELLER GROUP (A) THAT PURCHASER HAS CONSULTED AN ATTORNEY CONCERNING THIS AGREEMENT OR, IF IT HAS NOT CONSULTED AN ATTORNEY, THAT PURCHASER WAS PROVIDED THE OPPORTUNITY AND HAD THE ABILITY TO SO CONSULT, BUT MADE AN INFORMED DECISION NOT TO DO SO AND (B) THAT PURCHASER FULLY UNDERSTANDS ITS OBLIGATIONS UNDER THIS AGREEMENT.**

Section 12.7 **Holdback Amount.**

(a) Notwithstanding anything herein to the contrary, the rights of each member of the Purchaser Group to indemnification (and Seller's obligations) under Article 12 (as limited by the terms hereof) shall be satisfied *first* (i) from the Holdback Amount until the balance of the Holdback Amount equals zero dollars ($0.00) and only then, *second* (ii) by the Seller, it being agreed that any payment Seller is obligated to make to any member of the Purchaser Group pursuant to Article 12 shall be funded, to the extent available, by the Holdback Amount promptly after Seller's receipt of the claim for indemnification or, if any Dispute regarding such claim exists, the final determination of the merits and amount of such claim in accordance with this Agreement.

(b) No later than the fifth (5^{th}) Business Day after the Holdback Release Date, Seller and Purchaser shall execute and deliver to the Escrow Agent joint written instructions instructing the Escrow Agent to disburse to Seller from the Holdback Amount an amount equal to the positive remainder, if any, of (i) the Holdback Amount, *minus* (ii) the total amount of all claims for indemnity for Damages timely asserted by Purchaser under Section 12.2 that have not previously been resolved, settled, paid, agreed upon or satisfied prior to the Holdback Release Date and that Purchaser has notified Seller of prior to the Holdback Release Date (the "***Pending Claims***").

(c) Upon (or in connection with) the final settlement or non-appealable resolution after the Holdback Release Date of any Pending Claims, no later than the fifth (5^{th}) Business Day after the date of such settlement or resolution, Seller and Purchaser shall execute and deliver to the Escrow Agent joint written instructions instructing the Escrow Agent to disburse from the Holdback Amount first, to Purchaser the amount payable to Purchaser Group pursuant to such settlement or final resolution with respect to such settled or resolved claim for indemnity under Section 12.2 and second, to Seller an amount equal to the positive remainder, if any, of (A) the Holdback Amount (as determined immediately after giving effect to the disbursement described in subpart (i) above) *minus* (B) the aggregate amount of all remaining and unresolved Pending Claims.

(d) No later than the fifth (5^{th}) Business Day after the date of the final settlement or non-appealable resolution after the Holdback Release Date of all Pending Claims and disbursement of all amounts to be disbursed by the Escrow Agent pursuant to this Section 12.7, Seller and Purchaser shall execute and deliver to the Escrow Agent joint written instructions instructing the Escrow Agent to disburse the entirety of the Holdback Amount, if any, to Seller.

(e) All payments made or to be made under this Agreement to Seller shall be made by electronic transfer of immediately available funds to such bank and account as may be specified by Seller in writing. All payments made or to be made hereunder to Purchaser shall be by electronic transfer of immediately available funds to such bank and account as may be specified by Purchaser in writing.

ARTICLE 13
MISCELLANEOUS

Section 13.1 **Notices**. Any notice, request, instruction, correspondence or other document to be given hereunder by any Party to another Party (herein collectively called "***Notice***") shall be in writing and delivered in person by courier service or U.S. mail requiring acknowledgement of receipt or mailed by certified mail, postage prepaid and return receipt requested or by e-mail requesting the recipient to confirm receipt, as follows:

To Seller:	Frontier Midstream Solutions, LLC 4200 East Skelly Drive Suite 400 Tulsa, Oklahoma 74135 Attn: Dave Presley Email: dpresley@frontierenergyllc.com
with a copy (that shall not constitute Notice) to:	Hall Estill 320 S. Boston Ave., Suite 200 Tusla, Oklahoma 74103 Attn: General Counsel Email: jsatrom@hallestill.com
To Purchaser:	Plains Pipeline, L.P. c/o Plains All American Pipeline, L.P. 333 Clay Street Suite 1600 Houston, Texas 77002 Attention: Jeremy Goebel Email: JLGoebel@paalp.com

with a copy (that shall not constitute Notice) to:	Plains Pipeline, L.P. c/o Plains All American Pipeline, L.P. 333 Clay Street Suite 1600 Houston, Texas 77002 Attention: Richard McGee Email: rkmcgee@paalp.com and Norton Rose Fulbright US LLP 1301 McKinney, Suite 5100 Houston, Texas 77010 Attn: George E. Crady Email: ned.crady@nortonrosefulbright.com
If to either Seller or Purchaser, with a copy (that shall not constitute Notice) to:	Concho Resources Inc. One Concho Center 600 W. Illinois Avenue Midland, Texas 79701 Attn: Travis L. Counts Email: TCounts@concho.com
with a copy (that shall not constitute Notice) to:	Vinson & Elkins LLP 1001 Fannin, Suite 2500 Houston, Texas 77002-6760 Attn: Bryan Edward Loocke Email: bloocke@velaw.com

Notice shall be effective upon actual receipt. Any Party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

Section 13.2 **Governing Law**. This Agreement and the documents delivered pursuant hereto and the legal relations between the Parties shall be governed by, construed and enforced in accordance with the Laws of the State of Texas, without regard to principles of conflicts of Laws that would direct the application of the Laws of another jurisdiction.

Section 13.3 **Venue and Waiver of Jury Trial**.

(a) Any dispute, controversy, matter or claim between the Parties (each, subject to such exceptions, a "***Dispute***"), that cannot be resolved among the Parties, will be instituted exclusively in the courts of the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas and each Party hereby irrevocably consents to the exclusive jurisdiction in connection with any Dispute, litigation or proceeding arising out of this Agreement or any of the transactions contemplated thereby. All Disputes between the Parties to this Agreement and the transactions contemplated hereby shall have exclusive jurisdiction and venue only in the courts of the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas. Each Party waives any objection which it may have pertaining to improper

venue or forum non-conveniens to the conduct of any litigation or proceeding in the foregoing courts. Each Party agrees that any and all process directed to it in any such proceeding or litigation may be served upon it outside of the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas with the same force and effect as if such service had been made within the State of Texas in and for Midland County, Texas or the United States District Court located in Midland, Texas.

(b) EACH OF THE PARTIES HEREBY VOLUNTARILY AND IRREVOCABLY WAIVES TRIAL BY JURY IN ANY LITIGATION, ACTION OR OTHER PROCEEDING BROUGHT IN CONNECTION WITH THIS AGREEMENT.

(c) The Parties agree that a dispute under this Agreement may raise issues that are common with one or more of the other Transaction Documents, under the Class A Purchase Agreement or documents executed or delivered thereunder or which are substantially the same or interdependent and interrelated or connected with issues raised in a related dispute, controversy or claim between or among the Parties, Concho or any of their respective Affiliates. Accordingly, any Party to a new Dispute under this Agreement or under the Class B Purchase Agreement may elect in writing within thirty (30) days after the filing or service of a new Dispute, or the amendment of a complaint, third-party complaint, answer and/or counterclaim to refer such Dispute for resolution by the applicable court together with any existing Dispute arising under this Agreement, other Transaction Documents or other documents executed by the Parties in connection herewith, under the Class A Purchase Agreement or documents executed or delivered thereunder, or which are substantially the same or interdependent and interrelated or connected. Nothing in this provision shall be construed to heighten or modify the standard of permissible and/or mandatory joinder or other third party practice under any applicable rules of procedure, statute or practice.

Section 13.4 **Headings and Construction**. The headings and captions herein are inserted for convenience of reference only and are not intended to govern, limit or aid in the construction of any term or provision hereof. The rights and obligations of each Party shall be determined pursuant to this Agreement. Seller and Purchaser have each had the opportunity to exercise business discretion in relation to the negotiation of the details and terms of the transaction contemplated hereby. This Agreement is the result of arm's length negotiations from equal bargaining positions. It is the intention of the Parties that every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Party (notwithstanding any rule of Law requiring an agreement to be strictly construed against the drafting Party) and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any particular provision thereof, it being understood that the Parties to this Agreement are sophisticated and have had adequate opportunity and means to exercise business discretion in relation to the negotiation of the details of the transaction contemplated hereby and retain counsel to represent their interests and to otherwise negotiate the provisions of this Agreement.

Section 13.5 **Waivers**. Any failure by any Party to comply with any of its obligations, agreements or conditions herein contained may be waived by the Party to whom such compliance is owed by the application of the express terms hereof by an instrument signed by the Party to whom compliance is owed and expressly identified as a waiver, but not in any other manner. No course of dealing on the part of any Party or its respective officers, employees, agents or representatives and no failure by any Party to exercise any of its rights under this Agreement shall, in each case, operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. Except as otherwise expressly provided herein, no waiver of, or consent to a change in or modification of, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in or modification of, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein. The rights of each Party under this Agreement shall be cumulative and the exercise or partial exercise of any such right shall not preclude the exercise by such Party of any other right.

Section 13.6 **Severability**. It is the intent of the Parties that the provisions contained in this Agreement shall be severable and should any terms or provisions, in whole or in part, be held invalid, illegal or incapable of being enforced as a matter of Law, such holding shall not affect the other portions of this Agreement, and such portions that are not invalid shall be given effect without the invalid portion. Upon such determination that any term or provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 13.7 **Assignment**. No Party shall assign or otherwise transfer all or any part of this Agreement, nor shall any Party delegate any of its rights or duties hereunder, without the prior written consent of the other Party and any transfer or delegation made without such consent shall be null and void; *provided*, *however*, that (a) in the event of a Person succeeding to all or substantially all of the assets of Seller (whether by merger, consolidation, sale of assets or otherwise in a manner permitted by this Agreement), assignment or transfer of all or any part of this Agreement shall not require the prior written consent of Purchaser, (b) in the event that Concho makes any payment to any members of the Purchaser Group pursuant to the terms of the Limited Guarantee (as defined in the Class A Purchase Agreement), Purchaser shall, and cause such members of the Purchaser Group, to assign, transfer and subrogate to Concho any and all rights under Section 12.2 of this Agreement to the extent arising out of or related to the Damages for which such payment was made by Concho under the Limited Guarantee or (c) Purchaser's assignment or transfer of all, but not less than all, of this Agreement to a wholly owned subsidiary that has executed and delivered to Purchaser a ratification and joinder of this Agreement that is reasonably acceptable to Seller shall not require the prior written consent of Seller (provided, however, such assignment shall not relieve or release Purchaser from the performance of Purchaser's or its permitted assigns duties or obligations hereunder and each of Purchaser and such permitted assigns shall be fully and jointly and severally liable to Seller for the performance of all such duties and obligations of Purchaser hereunder). Unless expressly agreed to in writing by the Parties, no permitted assignment of any Party's rights or duties shall relieve or release the assigning Party from the performance of such Party's rights or obligations hereunder and such assigning Party shall be fully liable to the other Party for the performance of all such rights and duties. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted successors and assigns.

Section 13.8 **Entire Agreement**. This Agreement and the other Transaction Documents constitute the entire agreement between the Parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE TERMS AND PROVISIONS OF ANY SCHEDULE OR EXHIBIT HERETO, THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL GOVERN AND CONTROL; *PROVIDED, HOWEVER*, THAT THE INCLUSION IN ANY OF THE SCHEDULES AND EXHIBITS HERETO OF TERMS AND PROVISIONS NOT ADDRESSED IN THIS AGREEMENT SHALL NOT BE DEEMED A CONFLICT, AND ALL SUCH ADDITIONAL PROVISIONS SHALL BE GIVEN FULL FORCE AND EFFECT, SUBJECT TO THE PROVISIONS OF THIS SECTION 13.8.

Section 13.9 **Amendment**. This Agreement may be amended or modified only by an agreement in writing signed by Seller and Purchaser and expressly identified as an amendment or modification; *provided*, *however*, in no event shall this Agreement be amended without the prior written consent of Concho and any such amendment or modification without such prior written consent shall be null and void.

Section 13.10 **No Third-Person Beneficiaries**. Nothing in this Agreement shall entitle any Person other than Purchaser and Seller to any claim, cause of action, remedy or right of any kind, except for (a) the rights expressly provided to the Persons described in Section 7.1, Section 7.8 and Article 12, in each case, only to the extent such rights are exercised or pursued, if at all, by Seller or Purchaser acting on behalf of such Person (which rights may be exercised in the sole discretion of the applicable Party hereunder) and (b) Concho, which is expressly a beneficiary of Purchaser's rights hereunder against Seller prior to Closing, which rights Concho may enforce against Seller prior to Closing upon prior written notice to Purchaser. Notwithstanding the foregoing: (i) the Parties reserve the right to amend, modify, terminate, supplement or waive any provision of this Agreement or this entire Agreement without the consent or approval of any other Person (including any Indemnified Person) other than Concho pursuant to Section 13.9 and (ii) no Party hereunder shall have any direct liability to any permitted Third Party beneficiary, nor shall any permitted Third Party beneficiary have any right to exercise any rights hereunder for such Third Party beneficiary's benefit except to the extent such rights are brought, exercised and administered by a Party hereto in accordance with Section 12.4(b).

Section 13.11 **Limitation on Damages**. Except as set forth on Schedule 13.11, but notwithstanding anything else to the contrary contained in this Agreement, **NO PERSON SHALL BE ENTITLED TO LOST PROFITS OR LOSS OF BUSINESS OPPORTUNITY, CONSEQUENTIAL DAMAGES, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND EACH OF PURCHASER AND SELLER, FOR ITSELF AND ON BEHALF OF THEIR RESPECTIVE MEMBERS OF THE PURCHASER GROUP AND SELLER GROUP, RESPECTIVELY, HEREBY EXPRESSLY WAIVES ANY RIGHT TO LOST PROFITS, LOSS OF BUSINESS OPPORTUNITY, CONSEQUENTIAL DAMAGES, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY;** provided, however, that Seller and Purchaser agree that such limitation and waiver shall not apply to any such

Damages suffered by any Third Party for which responsibility is allocated among the Parties under the terms hereof.

Section 13.12 **Deceptive Trade Practices Act**. Purchaser certifies that it is not a "consumer" within the meaning of the Texas Deceptive Trade Practices Consumer Protection Act, Subchapter E of Chapter 17, Sections 17.41, *et seq.*, of the Texas Business and Commerce Code, (as amended, the "***DTPA***"). Purchaser covenants, for itself and for and on behalf of any successor or assignee, that if the DTPA is applicable to this Agreement, (a) Purchaser is a "business consumer" as that term is defined in the DTPA, (b) AFTER CONSULTATION WITH ATTORNEYS OF PURCHASER'S OWN SELECTION, PURCHASER HEREBY VOLUNTARILY WAIVES AND RELEASES ALL OF PURCHASER'S RIGHTS AND REMEDIES UNDER THE DTPA AS APPLICABLE TO SELLER AND SELLER'S SUCCESSORS AND ASSIGNS AND (c) PURCHASER SHALL DEFEND AND INDEMNIFY THE SELLER GROUP FROM AND AGAINST ANY AND ALL CLAIMS OF OR BY ANY MEMBER OF THE PURCHASER GROUP OR ANY OF THEIR SUCCESSORS AND ASSIGNS OR ANY OF ITS OR THEIR AFFILIATES BASED IN WHOLE OR IN PART ON THE DTPA ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

Section 13.13 **Time of the Essence; Calculation of Time**. Time is of the essence in this Agreement. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date that is not a Business Day), then the date for giving such notice or taking such action (and the expiration date of such period during which notice is required to be given or action taken) shall be the next day that is a Business Day.

Section 13.14 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile, .pdf or other electronic transmission of copies of signatures shall constitute original signatures for all purposes of this Agreement and any enforcement hereof.

[*Remainder of Page Intentionally Left Blank. Signature Pages Follow.***]**

IN WITNESS WHEREOF, this Agreement has been executed by each of the Parties effective as of the Execution Date.

SELLER:

FRONTIER MIDSTREAM SOLUTIONS, LLC

Name: /s/ Dave Presley
By: Dave Presley
Title: President and CEO

PURCHASER:

PLAINS PIPELINE, L.P.
By: PLAINS GP LLC, its general partner

Name: /s/ Willie Chiang
By: Willie Chiang
Title: Executive Vice President and COO (US)

EXHIBITS

SCHEDULES

Neither these Schedules nor any disclosure made in or by virtue of them constitutes or implies any representation, warranty or covenant by Seller not expressly set out in the Agreement, and neither these Schedules nor any such disclosure has the effect of, or may be construed as, adding to, broadening, deleting from or revising the scope of any of the representations, warranties or covenants of Seller in the Agreement. Any item or matter disclosed or listed on any particular Schedule, other than Schedule 7.15, is deemed to be disclosed or listed on any other Schedules to the extent it is reasonably apparent on its face that such item relates or is applicable to, or is properly disclosed under, such other Schedule or the section of the Agreement to which such other Schedule corresponds, notwithstanding the fact that the Schedules are arranged to correspond to the sections of the Agreement, that a particular section of the Agreement makes reference to a particular Schedule, or that a particular representation, warranty or covenant in the Agreement may not make reference to a Schedule. Matters reflected in these Schedules are not necessarily limited to matters required by the Agreement to be reflected in these Schedules. The fact that any item of information is contained herein is not an admission of liability under any applicable Law, and does not mean that such information is required to be disclosed in or by the Agreement, or that such information is material, but rather is intended only to qualify the representations, warranties and covenants in the Agreement and to set forth other information required by the Agreement. Except to the extent the Agreement specifically contemplates disclosing items on a Schedule that are material (or other words or phrases to that effect) or that meet a certain dollar threshold, neither the specification of any dollar amount in any representation, warranty or covenant contained in the Agreement nor the inclusion of any specific item in these Schedules is intended to imply that such amount, or a higher or lower amount, or the item so included, or any other item, is or is not material, except as aforesaid, and no Person shall use the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between or among the parties to the Agreement as to whether any obligation, item or matter not described herein or included in these Schedules is or is not material for purposes of the Agreement. The information set forth on the Schedules shall not be used as a basis for interpreting the terms “material,” “materially,” “materiality,” “Material Adverse Effect” or any similar qualification in the Agreement. Neither the specification of any item or matter in any representation, warranty or covenant contained in the Agreement nor the inclusion of any specific item in these Schedules is intended to imply that such item or matter, or another item or matter, is or is not in the ordinary course of business, and no Person shall use the setting forth or the inclusion of any such item or matter in any dispute or controversy between or among the parties to the Agreement as to whether any obligation, item or matter described or not described herein or included or not included in these Schedules is or is not in the ordinary course of business for purposes of the Agreement. Notwithstanding anything herein or in the Agreement to the contrary, no disclosure set forth in Schedule 7.15 shall be deemed to apply or be disclosed other than with respect to the covenant set forth in Section 7.15.

Headings and references to the VDR have been inserted in these Schedules for reference only and do not amend or supplement the descriptions of the disclosed items set forth in the Agreement. Where a reference is made to a section or exhibit, such reference shall be to a section of or exhibit to the Agreement unless otherwise indicated. Whenever the words “include,” “includes,” or

“including” are used in these Schedules, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import.

Disclosure Schedules

Exhibit 10.1

PLAINS ALL AMERICAN

DIRECTOR GRANT

February 23, 2017

[name]
[address]

Re: Grant of Phantom Units

Dear [name]:

I am pleased to inform you that you have been granted 10,000 Phantom Units as of the above date pursuant to the Plains All American 2013 Long-Term Incentive Plan (the "Plan"). In tandem with each Phantom Unit granted hereby you have been granted a distribution equivalent right (a “DER”). A DER represents the right to receive a cash payment equivalent to the amount, if any, paid in cash distributions on one common unit of Plains All American Pipeline, L.P. (“PAA” or the “Partnership”) to the holder of such common unit. The terms and conditions of this grant are as set forth below.

1. Subject to the further provisions of this Agreement, your Phantom Units shall vest (become payable in the form of one common unit of PAA for each Phantom Unit) in equal 25% increments (2,500 Phantom Units per year) annually on the August Distribution Date.

2. Subject to the further provisions of this Agreement, your DERs shall be payable in cash substantially contemporaneously with each Distribution Date.

3. As of each vesting date, for so long as your service on the Board of Directors has not been terminated, you shall be deemed to have automatically received a grant, evidenced hereby, of 2,500 additional Phantom Units (and tandem DERs), such that the total outstanding Phantom Units (and tandem DERs) granted by this letter shall remain 10,000.

4. Immediately after the vesting of any Phantom Units, an equal number of DERs shall expire.

5. Upon any forfeiture of Phantom Units, an equal number of DERs shall expire.

6. In the event that (i) you voluntarily terminate your service on the Board of Directors (other than for Retirement) or (ii) your service on the Board of Directors is terminated by the Board (by a majority vote of the remaining Directors) for Cause (as defined in the LLC Agreement), all unvested Phantom Units (and tandem DERs) shall be forfeited as of the date service terminates.

7. In the event your service on the Board of Directors is terminated (i) because of your death or disability (as determined in good faith by the Board), (ii) due to your Retirement, or (iii) for any reason other than as described in clauses (i) and (ii) of paragraph 6 above, all unvested Phantom Units (and any tandem DERs) shall immediately become nonforfeitable, and shall vest (or, in the case of DERs, be paid) in full as of the next following Distribution Date. Upon such payment, the tandem DERs associated with the Phantom Units that are vesting shall expire.

8. In the event of a vesting under paragraph 7 above, the provisions of paragraph 3 above shall no longer be operative.

9. For the avoidance of doubt, to the extent the expiration of a DER relates to the vesting of a Phantom Unit on a Distribution Date, the intent is for the DER to be paid with respect to such Distribution Date before the DER expires.

As used herein, (i) “Company” refers to PAA GP Holdings LLC, (ii) “Distribution Date” means the day in February, May, August or November in any year (as context dictates) that is 45 days after the end of a calendar quarter (or, if not a business day, the closest previous business day), (iii) “Board of Directors” or “Board” means the Board of Directors of the Company, and (iv) “Retirement” means you have provided the Chairman of the Board of the Company with written notice indicating that (a) you have retired (or will retire within the next sixty days) from full-time employment and from service as a director of the Company, and (b) excluding director positions held by you at such time, you do not intend to serve as a director of any other public company.

Terms used herein that are not defined herein shall have the meanings set forth in the Plan or, if not defined in the Plan, in the Sixth Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P., as amended (the "Partnership Agreement") or the Third Amended and Restated Limited Liability Company Agreement of PAA GP Holdings LLC, as amended (the “LLC Agreement”). By signing below, you agree that the Phantom Units and DERs granted hereunder are governed by the terms of the Plan. Copies of the Plan, the Partnership Agreement and the LLC Agreement are available upon request.

In order for this grant to be effective you must designate a beneficiary that will be entitled to receive any benefits payable under this grant in the event of your death. Please execute and return a copy of this grant letter to me and retain a copy for your records.

Plains All American Pipeline, L.P.

By: PAA GP LLC

By: Plains AAP, L.P.

By: Plains All American GP LLC

By: Plains GP Holdings, L.P.

By: PAA GP Holdings LLC

By:_____
Name:Richard McGee
Title:Executive Vice President

Beneficiary Designation

Primary Beneficiary Name	Relationship	Percent (Must total 100%)
Secondary Beneficiary Name	Relationship	Percent (Must total 100%)

_____
[name]

No. of Phantom Units: 10,000

Dated: _____

Exhibit 10.2

PLAINS ALL AMERICAN

Audit Committee Supplement

February 23, 2017

[name]
[address]

Re: Grant of Phantom Units

Dear [name]:

I am pleased to inform you that you have been granted 10,000 Phantom Units as of the above date pursuant to the Plains All American 2013 Long-Term Incentive Plan (the "Plan"). In tandem with each Phantom Unit granted hereby you have been granted a distribution equivalent right (a “DER”). A DER represents the right to receive a cash payment equivalent to the amount, if any, paid in cash distributions on one common unit of Plains All American Pipeline, L.P. (“PAA” or the “Partnership”) to the holder of such common unit. The terms and conditions of this grant are as set forth below.

1. Subject to the further provisions of this Agreement, your Phantom Units shall vest (become payable in the form of one common unit of PAA for each Phantom Unit) in equal 25% increments (2,500 Phantom Units per year) annually on the August Distribution Date.

2. Subject to the further provisions of this Agreement, your DERs shall be payable in cash substantially contemporaneously with each Distribution Date.

3. As of each vesting date, for so long as you serve on the Audit Committee of the Board of Directors (the “Audit Committee”), you shall be deemed to have automatically received a grant, evidenced hereby, of 2,500 additional Phantom Units (and tandem DERs), such that the total outstanding Phantom Units (and tandem DERs) granted by this letter shall remain 10,000.

4. Immediately after the vesting of any Phantom Units, an equal number of DERs shall expire.

5. Upon any forfeiture of Phantom Units, an equal number of DERs shall expire.

6. In the event that (i) you voluntarily terminate your service on the Audit Committee (other than for Retirement) or (ii) your service on the Board of Directors is terminated by the Board (by a majority vote of the remaining Directors) for Cause (as defined in the LLC Agreement), all unvested Phantom Units (and tandem DERs) shall be forfeited as of the date service terminates.

7. In the event your service on the Audit Committee is terminated (i) because of your death or disability (as determined in good faith by the Board), (ii) due to your Retirement, or (iii) for any reason other than as described in clauses (i) and (ii) of paragraph 6 above, all unvested Phantom Units (and any tandem DERs) shall immediately become nonforfeitable, and shall vest (or, in the case of DERs, be paid) in full as of the next following Distribution Date. Upon such payment, the tandem DERs associated with the Phantom Units that are vesting shall expire.

8. In the event of a vesting under paragraph 7 above, the provisions of paragraph 3 above shall no longer be operative.

9. For the avoidance of doubt, to the extent the expiration of a DER relates to the vesting of a Phantom Unit on a Distribution Date, the intent is for the DER to be paid with respect to such Distribution Date before the DER expires.

As used herein, (i) “Company” refers to PAA GP Holdings LLC, (ii) “Distribution Date” means the day in February, May, August or November in any year (as context dictates) that is 45 days after the end of a calendar quarter (or, if not a business day, the closest previous business day), (iii) “Board of Directors” or “Board” means the Board of Directors of the Company, and (iv) “Retirement” means you have provided the Chairman of the Board of the Company with written notice indicating that (a) you have retired (or will retire within the next sixty days) from full-time employment and from service as a director of the Company, and (b) excluding director positions held by you at such time, you do not intend to serve as a director of any other public company.

Terms used herein that are not defined herein shall have the meanings set forth in the Plan or, if not defined in the Plan, in the Sixth Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P., as amended (the "Partnership Agreement") or the Third Amended and Restated Limited Liability Company Agreement of PAA GP Holdings LLC, as amended (the “LLC Agreement”). By signing below, you agree that the Phantom Units and DERs granted hereunder are governed by the terms of the Plan. Copies of the Plan, the Partnership Agreement and the LLC Agreement are available upon request.

In order for this grant to be effective you must designate a beneficiary that will be entitled to receive any benefits payable under this grant in the event of your death. Please execute and return a copy of this grant letter to me and retain a copy for your records.

Plains All American Pipeline, L.P.

By: PAA GP LLC

By: Plains AAP, L.P.

By: Plains All American GP LLC

By: Plains GP Holdings, L.P.

By: PAA GP Holdings LLC

By:_____
Name:Richard McGee
Title:Executive Vice President

Beneficiary Designation

Primary Beneficiary Name	Relationship	Percent (Must total 100%)
Secondary Beneficiary Name	Relationship	Percent (Must total 100%)

_____
[name]

No. of Phantom Units: 10,000

Dated: _____

Exhibit 10.3

PLAINS ALL AMERICAN

INDEPENDENT DIRECTOR GRANT

February 23, 2017

[name]
[address]

Re: Grant of Phantom Units

Dear [name]:

I am pleased to inform you that you have been granted 15,000 Phantom Units as of the above date pursuant to the Plains All American 2013 Long-Term Incentive Plan (the "Plan"). In tandem with each Phantom Unit granted hereby you have been granted a distribution equivalent right (a “DER”). A DER represents the right to receive a cash payment equivalent to the amount, if any, paid in cash distributions on one common unit of Plains All American Pipeline, L.P. (“PAA” or the “Partnership”) to the holder of such common unit. The terms and conditions of this grant are as set forth below.

1. Subject to the further provisions of this Agreement, your Phantom Units shall vest (become payable in the form of one common unit of PAA for each Phantom Unit) in equal 25% increments (3,750 Phantom Units per year) annually on the August Distribution Date.

2. Subject to the further provisions of this Agreement, your DERs shall be payable in cash substantially contemporaneously with each Distribution Date.

3. As of each vesting date, for so long as you qualify as an Independent Director (as such term is defined in the LLC Agreement), you shall be deemed to have automatically received a grant, evidenced hereby, of 3,750 additional Phantom Units (and tandem DERs), such that the total outstanding Phantom Units (and tandem DERs) granted by this letter shall remain 15,000.

4. Immediately after the vesting of any Phantom Units, an equal number of DERs shall expire.

5. Upon any forfeiture of Phantom Units, an equal number of DERs shall expire.

6. In the event that (i) you voluntarily terminate your service on the Board of Directors (other than for Retirement), (ii) your service on the Board of Directors is terminated by the Board (by a majority vote of the remaining Directors) for Cause (as defined in the LLC Agreement), or (iii) you no longer qualify as an Independent Director, all unvested Phantom Units (and tandem DERs) shall be forfeited as of the date service terminates.

7. In the event your service on the Board of Directors is terminated (i) because of your death or disability (as determined in good faith by the Board), (ii) due to your Retirement, or (iii) for any reason other than as described in clauses (i), (ii) and (iii) of paragraph 6 above, all unvested Phantom Units (and any tandem DERs) shall immediately become nonforfeitable, and shall vest (or, in the case of DERs, be paid) in full as of the next following Distribution Date. Upon such payment, the tandem DERs associated with the Phantom Units that are vesting shall expire.

8. In the event of a vesting under paragraph 7 above, the provisions of paragraph 3 above shall no longer be operative.

9. For the avoidance of doubt, to the extent the expiration of a DER relates to the vesting of a Phantom Unit on a Distribution Date, the intent is for the DER to be paid with respect to such Distribution Date before the DER expires.

As used herein, (i) “Company” refers to PAA GP Holdings LLC, (ii) “Distribution Date” means the day in February, May, August or November in any year (as context dictates) that is 45 days after the end of a calendar quarter (or, if not a business day, the closest previous business day), (iii) “Board of Directors” or “Board” means the Board of Directors of the Company, and (iv) “Retirement” means you have provided the Chairman of the Board of the Company with written notice indicating that (a) you have retired (or will retire within the next sixty days) from full-time employment and from service as a director of the Company, and (b) excluding director positions held by you at such time, you do not intend to serve as a director of any other public company.

Terms used herein that are not defined herein shall have the meanings set forth in the Plan or, if not defined in the Plan, in the Sixth Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P., as amended (the "Partnership Agreement") or the Third Amended and Restated Limited Liability Company Agreement of PAA GP Holdings LLC, as amended (the “LLC Agreement”). By signing below, you agree that the Phantom Units and DERs granted hereunder are governed by the terms of the Plan. Copies of the Plan, the Partnership Agreement and the LLC Agreement are available upon request.

In order for this grant to be effective you must designate a beneficiary that will be entitled to receive any benefits payable under this grant in the event of your death. Please execute and return a copy of this grant letter to me and retain a copy for your records.

Plains All American Pipeline, L.P.

By: PAA GP LLC

By: Plains AAP, L.P.

By: Plains All American GP LLC

By: Plains GP Holdings, L.P.

By: PAA GP Holdings LLC

By:_____
Name:Richard McGee
Title:Executive Vice President

Beneficiary Designation

Primary Beneficiary Name	Relationship	Percent (Must total 100%)
Secondary Beneficiary Name	**Relationship**	**Percent (Must total 100%)**

_____
[name]

No. of Phantom Units: 15,000

Dated: _____

Exhibit 12.1

STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in millions, except ratio data)

	Three Months Ended March 31,	Year Ended December 31,				
	2017	2016	2015	2014	2013	2012
EARNINGS [1]						
Pre-tax income from continuing operations before noncontrolling interests and income from equity investees	$ 457	$ 560	$ 823	$ 1,449	$ 1,426	$ 1,143
add: Fixed charges	152	588	548	457	424	380
add: Distributed income of equity investees	52	216	214	105	55	40
add: Amortization of capitalized interest	2	7	6	4	3	2
less: Capitalized interest	(6)	(47)	(57)	(48)	(38)	(36)
Total Earnings	$ 657	$ 1,324	$ 1,534	$ 1,967	$ 1,870	$ 1,529
FIXED CHARGES [1]						
Interest expensed and capitalized	$ 135	$ 524	$ 495	$ 410	$ 381	$ 346
Portion of rent expense related to interest (33.33%)	17	64	53	47	43	34
Total Fixed Charges	$ 152	$ 588	$ 548	$ 457	$ 424	$ 380
RATIO OF EARNINGS TO FIXED CHARGES [2]	4.32x	2.25x	2.80x	4.30x	4.41x	4.03x

(1) For purposes of computing the ratio of earnings to fixed charges, “earnings” consists of pre-tax income from continuing operations before income from equity investees plus fixed charges (excluding capitalized interest), distributed income of equity investees and amortization of capitalized interest. “Fixed charges” represents interest incurred (whether expensed or capitalized), amortization of debt expense (including discounts and premiums relating to indebtedness) and the portion of rental expense on leases deemed to be the equivalent of interest.

(2) Ratios may not recalculate due to rounding.

EXHIBIT 31.1

CERTIFICATION

I, Greg L. Armstrong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plains All American Pipeline, L.P. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2017

/s/ Greg L. Armstrong

Greg L. Armstrong

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Al Swanson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plains All American Pipeline, L.P. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2017

/s/ Al Swanson

Al Swanson

Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF PLAINS ALL AMERICAN PIPELINE, L.P.
PURSUANT TO 18 U.S.C. 1350

I, Greg L. Armstrong, Chief Executive Officer of Plains All American Pipeline, L.P. (the "Company"), hereby certify that:

(i) the accompanying report on Form 10-Q for the period ended March 31, 2017 and filed with the Securities and Exchange Commission on the date hereof (the "Report") by the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Greg L. Armstrong

Name: Greg L. Armstrong

Date: May 9, 2017

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF PLAINS ALL AMERICAN PIPELINE, L.P.
PURSUANT TO 18 U.S.C. 1350

I, Al Swanson, Chief Financial Officer of Plains All American Pipeline, L.P. (the "Company"), hereby certify that:

(i) the accompanying report on Form 10-Q for the period ended March 31, 2017 and filed with the Securities and Exchange Commission on the date hereof (the "Report") by the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Al Swanson

Name: Al Swanson

Date: May 9, 2017