

CAPITAL UNITS TRANSFER SYSTEM

High Plains Partners, LLC

This Capital Units Transfer System has been adopted by the Board of Managers of High Plains Partners, LLC (“HPP”) to regulate the orderly transfer of the capital units of HPP.

1. IRS Rules. This Capital Units Transfer System shall be operated so as to prevent HPP from being classified as a publicly traded partnership under Section 7704 of the Internal Revenue Code of 1986 and the corresponding regulations promulgated thereunder (collectively the “Code”). Any interpretation of the provisions of this Capital Units Transfer System shall be conducted in accordance with this requirement.

2. Controlling Documents. Any transfers of a person’s capital units must comply with HPP’s Operating Agreement, as amended from time to time (the “Operating Agreement”), and be completed in accordance with this Capital Units Transfer System, as amended from time to time by the HPP’s Board of Managers.

3. Permitted Transfers. Capital units may only be transferred as follows:

- a. **Related Parties.** Transfers among related parties will be permitted if the transfer qualifies as a “private transfer” under the Treasury Regulations set forth at 26 CFR § 1.7704-1(e) and the Related Party Transfer Instructions attached as **Exhibit A**, as it may be amended from time to time.
- b. **Trading Service.** Transfers will be permitted through a third-party trading service, which will be owned, operated, and maintained by a broker-dealer registered with the SEC, FINRA and the state of South Dakota (the “Trading Service”).

The Trading Service will be accessible through and by telephone, Internet, or in person and will permit buyers and sellers to buy and sell capital units of HPP on a periodic basis pursuant to specific rules and procedures mutually agreed upon between HPP and the broker-dealer operating the Trading Service. The specific rules and procedures for buyers and sellers for posting or listing capital units for sale or purchase, matching offers to sell and offers to buy, and the timing, payment and delivery of funds, and sale documents shall be as set forth in the Trading Service Operations Manual attached as **Exhibit B** hereto, as it may be amended from time to time.

Buying and selling capital units on the Trading Service will be subject to the approval of HPP’s Board of Managers. The Board of Managers will endeavor to comply with the requirements set forth in 26 CFR §1.7704-1(g), that, among other things, restricts the sum of the capital units traded on or through the Trading Service during any calendar year to not more than 10% of HPP’s total issued and outstanding capital units. If the aggregate capital units to be transferred on the Trading Service submitted for approval in any year exceed this 10% limit, then the Board of Managers will only approve transfers up to the amount of such limit.

Buyers and sellers of capital units may trade on or through the Trading Service only for their own account, and brokers and dealers are not allowed to trade capital units of HPP for the accounts of others.

4. Ownership Requirements. To satisfy the minimum ownership requirements under HPP's Operating Agreement, a person must acquire and hold a sufficient number of capital units so that upon completion of the transfer, each transferee, and the transferor, if the transferor continues to own capital units, holds and owns at least five (5) capital units.

5. Board Approval. The Board of Managers will review all proposed transfers of capital units submitted for approval. The Board of Managers has the right to approve or reject any such proposed transfer at its discretion, provided, however, the Board of Managers will not approve any proposed transfer that would cause (i) total transfers, excluding Related Party Transfers, to exceed 10% of the total issued and outstanding capital units in HPP during a given year, or (ii) HPP to be treated as a publicly traded partnership as defined under the Code.

6. Board and Officers. Any member of the Board of Managers or an officer of HPP who desires to use the Trading Service shall notify HPP's management *before* buying or selling capital units to ensure compliance with all applicable federal and state laws.

7. Transfer Agent. The Board of Managers may designate a transfer agent to keep HPP's records of capital units ownership, to complete the issuance and cancellation of capital unit certificates, and to maintain and update other necessary membership records. All relevant information required to complete the transfer of capital units on HPP'S books and records must be provided to the transfer agent. The transfer agent shall be responsible for verifying that all information and authorizations necessary under the Operating Agreement to complete a sale or transfer of capital units have been received, including the Board of Manager's approval, and a determination has been made that the capital units are eligible for sale or transfer. If no transfer agent is designated by the Board of Managers, then HPP shall serve as its own transfer agent, and the Board of Managers shall carry out or delegate the duties of the transfer agent set forth herein.

8. Effective Date. All sales and transfers of capital units shall be effective upon the first day of the quarter following the later of (i) the date the transaction is approved by the Board of Managers, or (ii) the forty-fifth day following the posting of Seller's ask price. HPP's quarters shall occur on January 1, April 1, July 1, and October 1 of each calendar year.