

REQUEST FOR PROPOSALS FOR A NATURAL GAS SUPPLY FOR American Rice, Inc.'s Freeport Facility

1. OBJECTIVE

Ascentergy Corporation ("Ascentergy"), on behalf of American Rice, Inc. ("ARI"), is seeking proposals for natural gas supply for ARI's Texas facility located in Freeport.

2. BACKGROUND

The facility is connected to the Dow Pipeline system. The historical natural gas requirements for ARI's facility is detailed in Exhibit A. Total monthly requirements for the facility reached a monthly high volume of 45,747 MMBtu. Average daily volumes for the period were 1,326 MMBtu.

3. GENERAL PROVISIONS

3.1 Natural Gas Supply

- A. The successful Supplier is expected to supply ARI's firm, full requirements natural gas supply. The successful supplier will have responsibility for meeting any and all natural gas requirements. The Supplier must supply all line losses up to ARI meters. All of the aforementioned responsibilities/services must be included in the pricing proposals. All scheduling and coordination activities up to the meter will be the responsibility of the Supplier. In the event the Supplier does not properly schedule all of ARI's natural gas requirements, the Supplier shall be responsible for the full replacement cost of natural gas to serve the ARI requirements.
- B. The supplier is expected to provide daily nomination and balancing services and assume responsibility for any monthly charges associated with the daily balancing fees and monthly cash outs.

3.2 Proposal Submission Date

Proposals must be delivered to the following address listed no later than September 20, 2001 at 1700 hours USCDT.

Ascentergy Corporation
440 Benmar, Suite 1060
Houston, TX 77060
Attention: Mr. Chuck Pavlica
Fax: (281) 447-7376 ext. 117
Phone: (281) 447-7310
E-mail: cpavlica@enerad.com

3.3 Format of the Proposal

Proposals must be submitted in a form substantially similar to that provided in Appendix 1 of this RFP.

A copy of the proposed Gas Sales Contract should be included. Please advise whether the proposed contract meets GISB requirements.

All questions regarding this RFP must be made to the attention of Mr. Chuck Pavlica of Ascentergy Corporation at the aforementioned address and telephone number.

3.4 Right of Acceptance

All proposed rates and charges, terms, penalty for imbalances, cashouts, termination provisions, conditions of service, and other provisions offered by the proposing entities included in the responses to this RFP shall remain open and available to ARI for a period from the date the proposals are due until October 10, 2001. It is the intent of ARI to execute a letter of intent no later than October 10, 2001. ARI shall have the exclusive right to accept or reject any and all such proposals for any reason at any time up to the execution date of the letter of intent. ARI has the right to modify or amend, with the consent of the Supplier, any proposal prior to acceptance, to waive any informality, and/or effect any agreement otherwise, all as ARI may deem to be in its best interest.

3.5 Return of Proposals

All proposals submitted will become the property of ARI and will not be returned to the proposing entities.

4. PROPOSAL REQUIREMENTS

4.1 Qualifications of Supplier

Company description of Supplier including any annual report. Any additional information which would demonstrate the ability of Supplier to perform under the term of the contract including experience supplying natural gas under similar terms and conditions in Texas, and a list of customer references.

4.2 Commencement Date of Supply

It is anticipated that service under this RFP will commence on January 1, 2002 or as soon thereafter as practicable and allowed by law.

4.2 Term of Contract

The basic objective of this RFP is to secure economical natural gas supply arrangements with one or more natural gas suppliers. Proposing entities may offer proposals for natural gas supply for periods of one or more years.

4.3 Delivery Points

- A. The "Delivery Point" is the Dow meter located at ARI's Freeport facility.
- B. The "Point of Receipt" for the purposes of natural gas transfers pursuant to Articles of General Terms and Conditions, Appendix 1, shall be at the interconnection points at Katy with Dow that supplier makes gas available for transport under the ARI Agreement with Dow Pipeline.

4.4 Pricing

- A. Pricing information must be specified as shown in Appendix 1.
- B. If the price is proposed to escalate, detail the escalations including rates and dates of escalations.
- C. Proposals should set forth in detail the proposed pricing for the supply of natural gas requirements.

4.5 Transportation

- A. The Supplier will be responsible for performing all necessary scheduling and coordination in order to meet ARI's natural gas supply requirements.
- B. The Supplier will follow all applicable intrastate and interstate regulations with respect to natural gas deliveries and will act as liaison in administering any applicable Transportation Tariffs.
- C. If applicable the cost of transportation including fuel must be broken out separately.

**ASCENTERGY CORPORATION
FOR
AMERICAN RICE, INC.**

**REQUEST FOR PROPOSAL FOR THE NATURAL GAS SUPPLY
REQUIREMENTS**

Notes:

1. Pricing and service levels should be calculated using the volumes shown in Exhibit A.
2. If any of the proposed rates consist of multiple components, such as commodity, transportation, distribution, and taxes show the detailed derivation of the total charge on a separate schedule.

REQUIRED INFORMATION

The following information must be provided:

1. A description of the method used for setting rates each year.
2. Detailed information on proposed pricing.
3. Supply guarantee.
4. Notice requirements to terminate in full or part, the natural gas arrangements being proposed after the initial period.

Exhibit A

**ASCENTERGY CORPORATION
FOR
AMERICAN RICE, INC.**

Request for Proposal for the Natural Gas Supply Requirements

LIST OF FACILITIES

American Rice, Inc.
505 Port
Freeport, TX 77542

Natural Gas Requirements		
MMBtu		
Month		Freeport, TX
Jun-00		37,870
Jul-00		41,019
Aug-00		37,976
Sep-00		38,520
Oct-00		39,422
Nov-00		44,426
Dec-00		43,684
Jan-01		45,747
Feb-01		33,619
Mar-01		44,845
Apr-01		40,056
May-01		36,626
Total		483,810
Daily Average		1,326