

EPGT TEXAS PIPELINE, L.P.
STATEMENT OF OPERATING CONDITIONS
APPLICABLE TO NGPA SECTION 311 TRANSPORTATION SERVICE

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1. **DEFINITIONS**

Except as otherwise specified, the following terms as used herein and in the service agreement will be construed to have the following scope and meaning:

- 1.1 “Btu” means one British Thermal Unit, and shall be the quantity of heat required to raise the temperature of one (1) pound of water, herein called H₂O, from fifty-eight and five-tenths degrees (58.5 degrees) to fifty-nine and five-tenths degrees (59.5 degrees) Fahrenheit. “MMBtu” means one million (1,000,000) Btus. The terms “MMBtu” and “Dekatherm” shall be used synonymously.
- 1.2 “Bumping” or “bump” means that nominations submitted by Firm Shippers during the Evening Nomination Cycle or the Intraday 1 Nomination Cycle shall be given scheduling priority over nominated and scheduled volumes for Interruptible Shippers. Bumping is not permitted during the Intraday 2 Nomination Cycle.
- 1.3 “Business Day” means Monday through Friday from 8:00 a.m. to 5:00 p.m. Central Clock Time, as adjusted, when appropriate, for changes from Standard to Daylight Savings Time, and vice versa, excluding United States Federal Banking Holidays.
- 1.4 “Contract Year” means the twelve-(12) Month period beginning on the effective date of the service agreement and each subsequent twelve-month period thereafter during the term of the agreement.
- 1.5 “Electronic Data Interchange” or “EDI” means electronic communication that complies with the Electronic Delivery Mechanism Standards of the Gas Industry Standards Board.
- 1.6 “Electronic” or “electronically” shall mean data communication between Transporter and Shipper or vice versa through StarWeb, Transporter’s scheduling and electronic communications service, or via EDI.
- 1.7 “FERC” or “Commission” means the Federal Energy Regulatory Commission or any successor agency.
- 1.8 “Firm” means transportation service that has the highest priority of transportation service offered by Transporter.
- 1.9 “Facility Owner” means the operator or owner of a facility that is interconnected with Transporter’s Pipeline System.
- 1.10 “Fuel” means the quantity of Gas for Transporter use, line loss and other unaccounted for losses on Transporter’s Pipeline System.
- 1.11 “Gas” means natural gas in its natural state, produced from wells, including casinghead gas produced with crude oil, natural gas from gas wells, and residue gas resulting from processing both casinghead gas and gas well gas.
- 1.12 “Gas Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 9:00 a.m. (Central clock time).
- 1.13 “Gross Heating Value” means the number of Btu liberated by the complete combustion at

constant pressure of one (1) cubic foot of gas, at a base temperature of sixty (60) degrees F and a reference pressure base equal to fourteen and seventy-three hundredths (14.73) Psia, with air of the temperature and pressure of the Gas, after the products of combustion are cooled to the initial temperature of the Gas, and after the H₂O of the combustion is condensed to the liquid state. The Gross Heating Value of the Gas will be corrected for the H₂O vapor content of the gas being delivered, except that so long as the H₂O vapor content is seven (7) pounds or less per one million (1,000,000) cubic feet, the Gas will be assumed to be dry.

- 1.14 “Interruptible” means service that is subject to interruption at any time by Transporter, without liability as set forth herein, and shall have the priority as specified in Sections 7 and 8 of this Statement of Operating Conditions.
- 1.15 “Intraday Nomination” means a nomination submitted to Transporter after the timely nomination deadline and before the Intraday Nomination deadline as set forth herein for quantities of Gas which will be scheduled for receipt and delivery the Gas Day of flow.
- 1.16 “MAOP” means Maximum Allowable Operating Pressure.
- 1.17 “Maximum Daily Quantity” or “MDQ” means the maximum daily quantity of Gas in MMBtu, exclusive of applicable Fuel, specified in a Shipper’s transportation service agreement that Shipper may nominate and deliver to Transporter at a Point(s) of Receipt and that Transporter shall deliver at a Point(s) of Delivery at relatively constant hourly rates of flow over the course of such Gas Day.
- 1.18 “Maximum Delivery Obligation” or “MDO” shall mean the maximum daily quantity of Gas in MMBtu specified in Shipper’s transportation service agreement that Transporter shall deliver on a Firm basis to Shipper at each Primary Point of Delivery designated in the transportation service agreement.
- 1.19 “Maximum Receipt Obligation” or “MRO” shall mean the maximum daily quantity of Gas in MMBtu, exclusive of applicable Fuel, identified in Shipper’s transportation service agreement that Transporter shall receive on a Firm basis from Shipper at each Primary Point of Receipt designated in the transportation service agreement.
- 1.20 “Mcf” equals the volume of gas that occupies one thousand (1,000) cubic feet at a temperature of 60 degrees Fahrenheit, a pressure of 14.73 Psia, and dry. “MMcf” means one million (1,000,000) cubic feet.
- 1.21 “Minimum Daily Quantity” means the minimum daily quantity of Gas in MMBtu, exclusive of applicable Fuel, specified in a Shipper’s transportation service agreement that Shipper shall nominate and deliver to Transporter at a Point(s) of Receipt and that Transporter shall deliver at a Point(s) of Delivery at constant hourly rates of flow over the course of such Gas Day.
- 1.22 “Month” means the period beginning at 9:00 a.m. Central Clock Time on the first Gas Day of a calendar month and ending at 9:00 a.m. Central Clock Time on the first Gas Day of the next succeeding calendar month.
- 1.23 “Overrun” means any quantity in excess of Shipper’s MDQ as set forth in Shipper’s transportation service agreement. “Authorized Overrun” means an Overrun that is nominated by Shipper and approved and scheduled by Transporter. “Unauthorized Overrun” means an Overrun that Transporter does not approve and schedule for service.

- 1.24 "Pipeline System" means the facilities used by Transporter to provide transportation, parking or lending service.
- 1.25 "Point(s) of Delivery" means the point or points located on Transporter's Pipeline System and specified in Shipper's service agreement at which Transporter shall deliver Gas to Shipper.
- 1.26 "Point(s) of Receipt" means the point or points located on the Transporter Pipeline System and specified in Shipper's service agreement at which Transporter shall receive Gas from Shipper.
- 1.27 "Primary Point(s) of Receipt" means the Point(s) of Receipt with the highest priority for Firm service. Each Primary Point(s) of Receipt shall have a Maximum Receipt Obligation (or "MRO") specified in the transportation service agreement, such that the sum of all MROs in the transportation service agreement equal the MDQ.
- 1.28 "Primary Point(s) of Delivery" means the Point(s) of Delivery with the highest priority for Firm service. Each Primary Point(s) of Delivery shall have a Maximum Delivery Obligation (or "MDO") specified in the transportation service agreement, such that the sum of all MDOs in the transportation service agreement equal the MDQ.
- 1.29 "Psia" means pounds per square inch absolute.
- 1.30 "Shipper" means the party that holds all lawful rights and/or title to the Gas that is being transported, parked or loaned and who executes a service agreement with Transporter.
- 1.31 "StarWeb" shall mean Transporter's scheduling system and electronic communications system.
- 1.32 "Transporter" means EPGT Texas Pipeline, L.P.

2. OPERATING PROVISIONS

- 2.1 Firm Transportation Service. Subject to the operating conditions contained herein, Transporter shall receive from Shipper such daily quantities of Gas as are timely nominated by Shipper and scheduled by Transporter pursuant to Section 18, up to Shipper's MDQ as specified in the executed Firm transportation service agreement between Transporter and Shipper, plus the required quantity of Gas for Fuel, if applicable and as specified in the executed transportation service agreement, and deliver an amount equal to the quantity received less the applicable Fuel. This transportation service shall be Firm and shall not be subject to curtailment or interruption except as provided in Sections 7 and 8 of this Statement of Operating Conditions.
- 2.2 Interruptible Transportation Service. Subject to the operating conditions contained herein, Transporter shall receive from Shipper such daily quantities of Gas as are timely nominated by Shipper and scheduled by Transporter pursuant to Section 18, up to Shipper's MDQ, if applicable, as specified in the executed transportation service agreement between Transporter and Shipper, plus the required quantity of Gas for Fuel, if applicable and as specified in the executed transportation service agreement, and deliver an amount equal to the quantity received less the applicable Fuel. Interruptible transportation service shall be subject to curtailment or interruption as provided in Sections 7 and 8 of this Statement of Operating Conditions.
- 2.3 Overrun Service. Quantities in excess of Shipper's MDQ as are timely nominated by Shipper and scheduled by Transporter pursuant to Section 18 shall be authorized and transported by Transporter only when the following conditions exist: capacity is available on Transporter's

Pipeline System, the provision of such Authorized Overrun service shall not affect other Shippers' rights on Transporter's Pipeline System, and Shipper has an Authorized Overrun rate specified in its transportation service agreement. Authorized Overruns are Interruptible in nature and shall be subject to curtailment or interruption as provided in Sections 7 and 8 of this Statement of Operating Conditions.

- 2.4 **Parking Service.** Subject to the operating conditions contained herein, Shipper may park such quantities of Gas as are timely nominated by Shipper and scheduled by Transporter pursuant to Section 18 at a point on Transporter's Pipeline System for a period up to one Month, and such period may be extended with Transporter's permission. Additional provisions for parking service are stated in Section 3 of this Statement of Operating Conditions. This service is Interruptible in nature, and shall be provided to the extent Transporter's Pipeline System permits the provision of such service and to the extent Transporter determines the provision of such service shall not prevent Transporter from meeting all of its Firm and Interruptible transportation obligations, including Transporter's Pipeline System needs. Parking Service shall be subject to curtailment or interruption as provided in Sections 7 and 8 of this Statement of Operating Conditions.
- 2.5 **Lending Service.** Subject to the operating conditions contained herein, Transporter may advance (loan) to Shipper such quantities of Gas as are timely nominated by Shipper and scheduled by Transporter for a period up to one Month, and such period may be extended with Transporter's permission. Additional provisions for lending service are stated in Section 4 of this Statement of Operating Conditions. The service is Interruptible in nature, and shall be provided to the extent Transporter's Pipeline System permits the provision of such service and to the extent Transporter determines the provision of such service shall not prevent Transporter from meeting all of its Firm and Interruptible transportation obligations, including Transporter's Pipeline System needs. Lending Service shall be subject to curtailment or interruption as provided in Sections 7 and 8 of this Statement of Operating Conditions.
- 2.6 To protect the integrity of its Pipeline System or to meet its Firm obligations to other shippers, Transporter shall have the right to require Shipper to balance its receipts and deliveries at any time, upon prior notice and without liability.
- 2.7 Shipper shall deliver or cause to be delivered to Transporter at the Point(s) of Receipt any Gas which Shipper desires to have transported, plus applicable Fuel. Shipper shall also receive or cause to be received Gas delivered by Transporter at the Point(s) of Delivery.
- 2.8 If Shipper has multiple service agreements with Transporter, Shipper shall not be permitted to combine services available under such service agreements. Specifically, Gas shall be received under a particular service agreement and shall be delivered under that same service agreement. Further, separate transportation agreements must be executed for NGPA Section 311 service and intrastate service if both such services are desired, and separate service agreements must be executed for Firm transportation and Interruptible transportation, parking and lending service if such services are desired.

3. PARKING SERVICE

- 3.1 Service hereunder shall consist of the receipt by Transporter of such daily quantities of Gas timely nominated by Shipper and scheduled for receipt by Transporter pursuant to Section 18, up to the MDQ specified in the Shipper's parking service agreement, and the parking of such quantities of Gas for a minimum of one (1) Gas Day, up to a maximum of one Month, at the

Point(s) of Receipt specified in Shipper's parking service agreement. Such quantities received shall be credited to Shipper's parking account.

- 3.2 Transporter shall establish and maintain a parking account for each Shipper utilizing this service.
- 3.3 Shippers electing to withdraw Gas from their parking account may nominate a quantity up to the quantity of Gas available in Shipper's parking account at the point at which the Gas was parked. Such quantities withdrawn shall be debited from Shipper's parking account.
- 3.4 At the time Shipper nominates quantities of Gas for receipt by Transporter into Shipper's parking account, Shipper shall also provide, upon Transporter's request, a schedule of the date(s) and quantities of Gas to be withdrawn at the point at which Gas was parked to reduce Shipper's parking account to zero. Shipper may subsequently adjust its schedule subject to Transporter's approval.
- 3.5 In the event Transporter does not have sufficient capacity on a given Gas Day to satisfy all nominations to park or withdraw Gas, Transporter shall schedule nominations in sequence, starting with the nomination of the Shipper paying the highest rate for parking service. If two or more Shippers are paying the same rate for parking service and there is insufficient capacity to schedule such Shippers' nominations, such nominations shall be scheduled on a pro-rata basis, using the quantities that would otherwise be scheduled.
- 3.6 At its sole discretion, Transporter may require Shipper to withdraw all, or any portion of the Gas quantities parked by Transporter within thirty (30) Gas Days of Transporter's notice to Shipper. If Shipper fails to nominate for the withdrawal of the quantities specified by Transporter in its notice, despite the availability of capacity for the withdrawal of Shipper's Gas under its parking service agreement, Transporter shall take title to that portion of Shipper's parking account that Shipper was instructed to withdraw, free and clear of any adverse claims. Transporter's notice to Shipper may be verbal and in such case shall be followed by a written confirmation within five (5) Business Days.
- 3.7 To protect and/or maintain the operational integrity of its Pipeline System, Transporter may require the withdrawal of quantities of Gas in Shipper's parking account within 24 hours of notice. In the event Shipper does not cause the withdrawal of specified quantities of Gas within 24 hours after notice, Transporter shall have the right to take title to those quantities of Gas in Shipper's parking account free and clear of any adverse claims.
- 3.8 Not more than thirty (30) days after the termination of Shipper's parking service agreement, Transporter shall notify Shipper of Shipper's parking account balance. If there is a balance remaining, Shipper shall nominate for withdrawal such quantities within thirty (30) days of the date of Transportation notice. If Shipper fails to nominate for the withdrawal of the quantities specified by Transporter in its notice, despite the availability of capacity for the withdrawal of Shipper's Gas, Transporter shall take title to that portion of Shipper's parking account that Shipper was instructed to withdraw, free and clear of any adverse claims.
- 3.9 Parking service shall be subject to curtailment or interruption without liability pursuant to Sections 7 and 8 of this Statement of Operating Conditions.
- 3.10 If, on any Gas Day, Shipper nominates quantities of Gas to be withdrawn from its parking account but Transporter is unable to schedule all such quantities nominated, Transporter shall

suspend the parking rate charges for that quantity not scheduled until Transporter is able to schedule the balance of the quantity nominated.

- 3.11 Shipper may request to use its parking service agreement for the automatic parking of its daily positive scheduling imbalance at a Point of Delivery. Automatic parking is available if the Point of Delivery is equipped with electronic measurement equipment compatible with Transporter's information and communication system. The points designated for automatic parking and the related transportation service agreement(s) shall be set forth in the parking service agreement. If two or more Shippers are delivering gas to a single Point of Delivery, automatic parking will only be available if the Facility Owner has established a predetermined allocation agreement with Transporter at the Point of Delivery. For Shippers who designate automatic parking at an approved Point of Delivery, Transporter agrees to waive the obligation to timely nominate and schedule gas that is automatically parked.

The automatic parking of gas will be performed at the sole discretion of Transporter without detriment or disadvantage to Transporter's firm obligations, system operational needs and interruptible transportation service. Other than the nomination and scheduling provisions, all other provisions applicable to parking service shall apply to Shipper as set forth in this Statement of Operating Conditions

4. LENDING SERVICE

- 4.1 Service hereunder shall consist of the advancement (loan) to Shipper for a period up to one Month such daily quantities of Gas timely nominated by Shipper and scheduled for delivery by Transporter pursuant to Section 18, and scheduled for loan by Transporter, up to Shipper's MDQ as specified in the executed lending service agreement between Transporter and Shipper.
- 4.2 Transporter shall establish and maintain a lending account for each Shipper utilizing this service.
- 4.3 Quantities of Gas advanced (loaned) to Shipper shall be debited to Shipper's lending account. Shipper and Transporter, at the time such advances are scheduled, will agree to a redelivery (return of loaned Gas) schedule setting out the dates and daily quantities of Gas Shipper will redeliver to Transporter at the point at which Gas was advanced to reduce Shipper's lending account to zero.
- 4.4 In the event Transporter does not have sufficient capacity on a given Gas Day to satisfy all nominations to borrow or repay Gas, Transporter shall schedule nominations in sequence, starting with the nomination of the Shipper paying the highest rate for lending service. If two or more Shippers are paying the same rate for lending service and there is insufficient capacity to schedule all Shippers' nominations paying that rate, the nominations of such Shippers shall be scheduled on a pro-rata basis, using the quantities that would otherwise be scheduled.
- 4.5 Shipper shall be required to return the quantity of Gas advanced by Transporter at the point it was advanced. Shipper may nominate for the return of advanced Gas at any time within the agreed upon delivery schedule, and Transporter shall accept such Gas to the extent it has capacity to do so. Shipper must return the quantities of Gas specified in its nomination in accordance with Transporter's scheduling of such nomination.
- 4.6 If Shipper fails to redeliver quantities of Gas as set out in the redelivery schedule, Shipper shall be obligated to purchase such quantities of Gas from Transporter at the highest price,

determined as 200% of the Monthly Contract Index for the Index as published in *Gas Daily*, or similar publication if *Gas Daily* is unavailable, that is the closest in proximity to the point at which Gas was advanced, during:

- a) the Month in which the lending service occurred,
 - b) the Month in which redelivery of the lending service was scheduled but did not occur, and;
 - c) any Month between (a) and (b) above.
- 4.7 To protect and/or maintain the operational integrity of its Pipeline System, Transporter may require Shipper to adjust its redelivery schedule and redeliver quantities of Gas in Shipper's lending account within 24 hours.
- 4.8 Lending service shall be subject to curtailment or interruption without liability to Transporter pursuant to Sections 7 and 8 of this Statement of Operating Conditions.
- 4.9 If Transporter, upon nomination by Shipper, fails to schedule quantities of Gas for return to Transporter within the planned redelivery schedule, Transporter and Shipper will agree to a revised redelivery schedule. Additionally, Transporter shall suspend the lending rate charges for the quantity of Gas nominated but not scheduled for as long as the interruption or curtailment is in effect.
- 4.10 Shipper may request to use its lending service agreement for the automatic lending of its daily negative scheduling imbalance at a Point of Delivery. Automatic lending is available if the Point of Delivery is equipped with electronic measurement equipment compatible with Transporter's information and communication system. The Point(s) of Delivery for automatic lending and the related transportation service agreement(s) shall be set forth in the lending service agreement. If two or more Shippers are delivering gas to a single Point of Delivery, automatic lending will only be available if the Facility Owner has established a predetermined allocation agreement with Transporter. For Shippers who designate automatic lending at an approved Point(s) of Delivery, Transporter agrees to waive the obligation to timely nominate and schedule gas that is automatically loaned.

The automatic lending of gas will be performed at the sole discretion of Transporter without detriment or disadvantage to Transporter's firm obligations, system operational needs and interruptible transportation service. Other than the nomination and scheduling provisions, all other provisions applicable to lending service shall apply to Shipper as set forth in this Statement of Operating Conditions

5. LAWS AND REGULATIONS

Transporter's transportation services are subject to all present and future valid laws and lawful orders of all regulatory authorities now or hereafter having jurisdiction of the services or facilities used to provide such services, including, without limitation, the provisions of Subpart C of Part 284 of the Commission's Regulations. Should Shipper or Transporter, by force of any such law or regulation imposed at any time during the term of Shipper's service agreement, be rendered unable, wholly or in part, to carry out its obligations under the service agreement, other than to make payments due hereunder, the service agreement nevertheless shall continue and shall be deemed modified to conform with the requirements of such law or regulation, except as hereinafter provided. The service agreement shall be modified to the least extent necessary to conform to such requirements; the primary intent of

any such modification being to retain, to the greatest extent possible, the bargain of the Shipper's service agreement. The service agreement is expressly made subject to any and all tariff and other rate filings made by Transporter and approved by any federal or state regulatory body as such may be amended from time to time. Transporter shall have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service at any time as it deems necessary, and Shipper's service agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Shipper's right to protest the same. In the event that any regulatory body having jurisdiction over the service agreement prohibits Transporter from collecting specific rates for the services provided under the service agreement or subjects its transportation facilities to any greater or different regulation or jurisdiction, by order or otherwise, than that existing on the date of initial transportation service hereunder (or thereafter as such regulation or jurisdiction may have changed and been accepted), then Transporter shall have the right to terminate the service agreement on the effective date of such greater or different regulation or jurisdiction, anything herein to the contrary notwithstanding and shall have no liability to Shipper or any other entity in connection with any such termination.

6. REQUEST FOR SERVICE AGREEMENT

- 6.1 A service agreement is required for all services hereunder and shall be subject to all terms and provisions of this Statement of Operating Conditions. Any potential shipper wishing to obtain services from Transporter on a Firm or Interruptible basis shall submit in writing to Transporter a request for service agreement in substantially the same format as that shown in Exhibit 1. Shipper shall provide information requested by Transporter if necessary to adequately examine Shipper's request for service agreement. Such request for service agreement may be delivered in person or submitted by United States mail, overnight courier service, email, or fax. If Transporter and the potential shipper mutually agree to the rate(s) that the potential shipper will pay for transportation service, then Transporter shall, subject to the execution of a service agreement, endeavor to provide service within the time specified in the written request. The potential shipper's request for service agreement shall be considered complete only if the information specified in Section 6.2 is provided in writing.

Requests for service may be sent to:
EPGT Texas Pipeline, L.P. Fax: 832-676-5689
4 Greenway Plaza, Room 560
Houston, TX 77046
Attn: Transportation & Storage Marketing

- 6.2 Each request for service shall include the following information:
- 6.2.1 Potential shipper's name, address, representative, telephone number, fax number and e-mail address, if available.
 - 6.2.2 For NGPA Section 311 transportation service, a statement indicating the "on behalf of" entity(ies) that Shipper warrants meets the provisions of Section 284 of the Commission's regulations.
 - 6.2.3 Type of service requested: Firm transportation or Interruptible transportation, Parking, or Lending.

- 6.2.4 Points of Receipt and Points of Delivery for all services.
- 6.2.5 For Firm transportation service, Primary Points of Receipt and Primary Points of Delivery, including each respective MRO and MDO.
- 6.2.6 MDQ for the requested service agreement.
- 6.2.7 Price offered by potential shipper for the service requested (Dollars per MMBtu).
- 6.2.8 Term of service agreement, including the date service is requested to commence and the date service is requested to terminate.
- 6.2.9 Acceptance of a request for service agreement is contingent upon a satisfactory credit appraisal by Transporter. To enable Transporter to conduct such credit appraisal, potential shipper shall submit the information set out in subsections (i) through (iii) below; provided, however, that submission of such material shall not be deemed acceptance of a request for service by Transporter, which determination shall be made by Transporter only after submission of the material and information set forth below and a determination by Transporter that potential shipper is sufficiently creditworthy. Transporter shall apply consistent evaluation practices on a nondiscriminatory basis to determine creditworthiness.

- (i) Potential shipper must provide (a) a copy of its most recent audited financial statement; (b) a bank reference; and (c) at least three trade references, which indicate that potential shipper's obligations are being paid on a prompt basis. Such documents shall be provided to:

EPGT Texas Pipeline, L.P.
c/o Credit Department
1001 Louisiana, 27th Floor
Houston, TX 77002
Phone: (713) 420-3383
Fax: (713) 420-2082

In the event potential shipper cannot provide the information above, then potential shipper shall, if applicable, provide that information for its parent company.

- (ii) Transporter shall not be required to perform or to continue any service on behalf of any potential shipper or Shipper who is or has become insolvent; who fails to meet payment obligations in accordance with Sections 21.2, 21.3, and 21.4; or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness. Provided, however, such potential shipper or Shipper may receive service if it prepays for such service, provides a standby irrevocable letter of credit, or furnishes an acceptable guarantee by another person or entity which satisfies the credit requirements of Transporter, in an amount equal to three (3) Months or the duration of the potential shipper's bid or Shipper's service agreement, whichever is shorter, of the charge(s) calculated on a one hundred percent (100%) load factor basis and other applicable charges.

- (iii) For purposes herein, the insolvency of a potential shipper or Shipper shall be conclusively demonstrated if a potential shipper or Shipper or any parent entity thereof (hereinafter collectively referred to as "the Shipper") makes an assignment or any general arrangement for the benefit of creditors; files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the petition of creditors or has such petition filed against it and such proceeding remains undismissed for thirty (30) days; otherwise becomes bankrupt or insolvent (however evidenced); liquidates a substantial part of its property or affairs; or is generally unable to pay its debts as they become due.
 - (iv) Transporter may reassess the creditworthiness of and performance by Shipper from time to time; and Shipper shall be required to demonstrate creditworthiness and/or provide adequate assurances of performance throughout the term of the executed service agreement. A Firm Shipper shall provide Transporter a copy of Shipper's audited annual financial report each year.
- 6.3 Service requests by potential shippers for Firm transportation shall be processed on a first-come, first-served basis. That is, requests for Firm service shall be allocated to the first potential shipper offering to pay a rate for transportation service and offering a contract term that Transporter finds acceptable and the execution of a service agreement.
- 6.4 Transporter shall have the right to reject any request for service agreement that does not contain the required information set forth herein and shall have no liability to Shipper or any other entity in connection with such rejection.

7. PRIORITY OF SERVICE AND SCHEDULING

- 7.1 Priority of Firm Service. Firm service shall have the highest priority on Transporter's Pipeline System. From time to time, Transporter may not have sufficient capacity to accommodate all nominations for Firm service through Point(s) of Receipt, Point(s) of Delivery, or a given segment of its Pipeline System. In that event, Transporter shall schedule Firm service using the following priorities.
 - 7.1.1 Firm Scheduling Priorities Through Receipt Points. Transporter shall first schedule service to those Shippers for whom the constrained receipt point is a Primary Point of Receipt, up to each Shipper's MRO (plus an allowance for Fuel, if applicable). In the event full service cannot be provided to Shippers holding rights to Primary Points of Receipt, service will be scheduled pro rata based on each Shipper's MRO at that Primary Point of Receipt.
 - 7.1.2 Transporter shall then schedule service to those Shippers for whom the constrained receipt point is a secondary receipt point. In the event full service cannot be provided, service will be scheduled on a pro rata basis using each Shipper's MDQ.
 - 7.1.3 Firm Scheduling Priorities Through Delivery Points. Transporter shall first schedule service to those Shippers for whom the constrained delivery point is a Primary Point of Delivery, up to each Shipper's MDO. In the event full service cannot be provided to Shippers holding rights to Primary Point(s) of Delivery, service will be scheduled on a

pro rata basis based on each Shipper's MDO at that Primary Point of Delivery.

- 7.1.4 Transporter shall then schedule service to those Shippers for whom the constrained delivery point is a secondary delivery point. In the event full service cannot be provided, service will be scheduled on a pro rata basis using each Shipper's MDQ.
- 7.1.5 Scheduling Priorities Through Pipeline Segments: In the event Transporter has insufficient capacity on a segment of its Pipeline System to schedule all nominations for service, Transporter shall allocate the available capacity on the affected segment of pipeline among Shippers nominating to Points of Receipt upstream of the capacity constraint and Points of Delivery downstream of the capacity constraint on a pro rata basis based on each Shipper's MDQ.
- 7.2 Priority and Scheduling of Interruptible Service. Interruptible transportation shall be scheduled when, and to the extent that, in Transporter's sole opinion, capacity is available in Transporter's existing facilities after first recognizing all Pipeline System operating requirements. Transporter shall then schedule Interruptible transportation, recognizing qualities of service and giving priority to the Shipper(s) paying the maximum rate. Transporter may, but is not obligated, to schedule transportation at a discounted rate, and shall give priority from least discount to greatest discount. If two or more Shippers are paying the same rate for Interruptible transportation service and there is insufficient capacity to serve all Shippers paying such rate, Transporter shall schedule service pro rata based on the quantities that would otherwise be scheduled. Interruptible nominated and scheduled quantities are subject to Bumping by Firm transportation service during the Evening Nomination Cycle and the Intraday 1 Nomination Cycle.
- 7.3 Priority and Scheduling of Authorized Overrun Service. Authorized Overrun service shall have a priority lower than Firm or Interruptible as defined above. Transporter shall first provide Authorized Overrun Service to the Shipper(s) paying the highest rate. If two or more Shippers are paying the same rate for Authorized Overrun service and there is insufficient capacity to serve all Shippers paying such rate, Transporter shall schedule service pro rata based on the quantities that would otherwise be scheduled.
- 7.4 Priority and Scheduling of Parking and Lending Service. Parking and lending service shall have a priority lower than Firm, Interruptible and Authorized Overrun service as defined above. Transporter shall schedule parking and lending service first to the Shipper(s) paying the highest rate. If two or more Shippers are paying the same rate for service and there is insufficient capacity to serve all parking and lending shippers paying such rate, Transporter shall schedule service pro rata based on the quantities that would otherwise be scheduled.
 - 7.4.1 In the event Transporter is unable to schedule all nominations for withdrawals from parking and all nominations for lending service, withdrawals from parking shall receive priority over lending service. In the event Transporter is unable to schedule all nominations for repayment of loaned Gas and all nominations for parking service, repayment of loaned Gas shall receive priority over nominations for parking service.
- 7.5 Priority and Scheduling of Make-up Quantities. Make-up quantities to correct imbalances shall have the lowest priority of service on Transporter's Pipeline System. Priority within this class shall be determined on a first-come, first-served basis. For operational purposes, Transporter shall have the right and sole discretion to schedule make-up quantities at a higher priority,

without liability to Shipper or any other entity.

8. CURTAILMENT

- 8.1 Transporter shall have the right to curtail or interrupt transportation service on any portion of its Pipeline System at any time for reasons of force majeure as defined in Section 19.1 or when Transporter makes modifications or repairs to or performs maintenance or testing on its Pipeline System. Transporter shall provide notice of such occurrences as is reasonable under the circumstances.
- 8.2 Any curtailment of service shall be in reverse order of priority as set forth in Section 7 of this Statement of Operating Conditions. Further, in curtailing Interruptible service, Transporter shall recognize all Pipeline System operating requirements and all qualities of service. An Interruptible Shipper paying a discounted rate may alter its priority of service by agreeing to pay the maximum rate or by accepting a lesser discount acceptable to Transporter. Such rate adjustment shall amend the service agreement and must be agreed to in writing by both parties prior to the timely nomination schedule set forth in Section 18.5(i).
- 8.3 Transporter shall not be liable for any loss or damage to any person or property caused, in whole or in part, by any interruption or curtailment of service, except to the extent caused by Transporter's gross negligence or willful misconduct. Shipper agrees to indemnify and hold harmless Transporter, its officers, agents, employees, and contractors from and against any and all suits, claims, liability, loss, damages, costs (including attorneys' fees and court costs) or encumbrances whatsoever brought by any person or entity against Transporter as a result of or arising out of any interruption or curtailment of service hereunder (unless caused by Transporter's gross negligence or willful misconduct).

9. POINT(S) OF RECEIPT AND DELIVERY

- 9.1 Shipper shall tender all Gas for transportation on Transporter's Pipeline System at the Point(s) of Receipt as specified in Shipper's transportation service agreement. The quantity of Gas tendered by Shipper to Transporter at each Point of Receipt for transportation shall not exceed the MRO plus Fuel, if applicable, without the prior consent of Transporter.
- 9.2 Transporter shall tender all Gas to be delivered to Shipper at the Point(s) of Delivery as specified in Shipper's transportation service agreement. The quantity of Gas delivered to Shipper shall not exceed the MDO at the Point(s) of Delivery, without the consent of Transporter.
- 9.3 Shipper shall be responsible for transportation downstream from the Point(s) of Delivery and payment of all transportation charges relating thereto. Shipper shall be responsible for transportation upstream to the Point(s) of Receipt and payment of all transportation charges relating thereto. Transporter shall have no liability for any upstream or downstream transportation.
- 9.4 Firm Service Receipt Points. Any Firm Shipper receiving Firm transportation service shall designate at least one receipt point in its transportation service agreement as a Primary Point of Receipt. Each Primary Point of Receipt shall have an MRO, and the sum of all MROs in the transportation service agreement shall equal the MDQ of the service agreement. A Firm Shipper may also designate or later add secondary receipt point(s) at any time during the term of the transportation service agreement with Transporter's agreement. Further, a Firm Shipper

may change its Primary Point(s) of Receipt provided sufficient receipt point capacity is available at the receipt point and subject to any operating constraints. Any addition or change to the Point(s) of Receipt as set forth herein must be mutually agreed upon in writing by Transporter and Shipper at least one (1) Business Day prior to Shipper nominating to the new Point(s) of Receipt.

- 9.5 Firm Service Delivery Points. Each Firm Shipper shall designate an allocation of its MDQ to a delivery point(s) as its Primary Point(s) of Delivery. Each Primary Point of Delivery shall have a MDO, and the sum of all MDOs in the transportation service agreement shall equal the MDQ of the service agreement. A Firm Shipper may also designate or later add secondary delivery point(s) at any time during the term of the transportation service agreement. Further, a Firm Shipper may change its Primary Point(s) of Delivery provided sufficient delivery point capacity is available at the delivery point(s) and subject to any operating constraints. Any addition or change to the Point(s) of Delivery as set forth herein must be mutually agreed upon in writing by Transporter and Shipper at least one (1) Business Day prior to Shipper nominating to the new Point(s) of Delivery.

10. PRESSURE

Shipper shall deliver Gas to Transporter at the specified Point(s) of Receipt at pressures sufficient to allow the Gas to enter Transporter's Pipeline System but shall not be delivered at pressures in excess of the MAOP at such Point(s) of Receipt. Transporter is under no obligation to modify its line pressures or to install additional facilities to permit the entry of Shipper's Gas into its Pipeline System. Transporter shall deliver Gas for Shipper's account at the pressures existing from time to time in Transporter's Pipeline System at the Point(s) of Delivery.

11. TITLE AND RISK OF LOSS

- 11.1 Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas at the Point(s) of Receipt for transportation, parking or lending hereunder either good title or all rights necessary and appropriate to have the Gas transported, parked or loaned. Shipper warrants for itself, its successors and assigns, that the Gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims on the title to the Gas; and that it will indemnify and hold harmless Transporter, its officers, agents, employees and contractors from and against any and all suits, claims, liability, loss, damages, costs (including attorneys' fees and court costs) or encumbrances whatsoever arising directly or indirectly from or with respect to the title and/or right to Gas tendered to Transporter hereunder. Transporter warrants that at the time of delivery to Shipper at the Point(s) of Delivery the gas delivered hereunder shall be free and clear of all liens, encumbrances and claims on the title to the Gas; and that it will indemnify and hold harmless Shipper, its officers, agents, employees and contractors against any and all suits, claims, liability, loss, damages, costs (including attorneys' fees and court costs) or encumbrances whatsoever arising directly or indirectly from or with respect to the title and/or right to Gas delivered to Shipper as a result of Transporter's possession or transportation, parking or lending hereunder.
- 11.2 Transporter shall be deemed to be in possession of the Gas delivered by Shipper only from the time it is received from Shipper at the Point(s) of Receipt for transportation, parking or lending until it is delivered to Shipper at the Point(s) of Delivery as provided for herein. During Transporter's possession and control of such Gas, Transporter shall be responsible for any damages, losses, or injuries caused thereby until such Gas has been redelivered to Shipper or its

designee at the Point(s) of Delivery, except for damages, losses, or injuries arising from the gross negligence or willful misconduct of Shipper. Shipper shall be deemed to be in possession and control of such Gas and responsible for any damages, losses or injuries caused thereby prior to receipt by Transporter and after delivery by Transporter. Transporter shall have no responsibility with respect to such gas before receipt from Shipper at the Point(s) of Receipt or after delivery to Shipper at the Point(s) of Delivery. The party in possession of the Gas shall indemnify and hold harmless the other party, its officers, agents, employees and contractors from and against any and all suits, claims, liability, loss, damages, costs (including attorneys' fees and court costs) or encumbrances whatsoever, including injury and death of persons, arising directly or indirectly during such possession of the Gas; provided, neither Transporter nor Shipper shall be liable for the gross negligence or willful misconduct of the other party.

- 11.3 Title and/or rights to all Gas delivered by Shipper to Transporter for transportation, parking or lending hereunder will remain with Shipper during transport by Transporter; provided, however, it is understood and agreed that the Gas delivered at the Point(s) of Delivery will not be the identical Gas that was delivered to Transporter for transportation, parking or lending hereunder, but such Gas will be a part of the commingled delivery of Gas and, for the purpose of Shipper's service agreement, the commingled Gas may be substituted for Shipper's Gas on a heat-equivalent basis.

12. NOTICES

Any notice, request, demand, or statement, provided for in Shipper's service agreement, except as otherwise herein provided, may be given in writing or delivered in person or by United States Mail, to the parties hereto at the addresses specified in the service agreement or at such other addresses as may hereafter be furnished to the other party in writing.

Any notice initially delivered by fax shall be confirmed by regular mail within one (1) week after transmission of the fax.

13. INDEMNIFICATION AND LIMITATION OF LIABILITY

- 13.1 Shipper agrees to indemnify and hold harmless Transporter, its officers, agents, employees, and contractors against all suits, claims, liability, loss, damages, costs (including attorneys' fees and court costs), or encumbrances whatsoever brought by any person or entity against Transporter, its officers, agents, employees, and contractors with respect to Gas transported, parked or loaned in accordance with this Statement of Operating Conditions; provided, however, Shipper shall not be liable for the gross negligence or willful misconduct of Transporter. This general indemnity shall not apply to any matter otherwise subject to a specific indemnity set out in this Statement of Operating Conditions.
- 13.2 TRANSPORTER'S AND SHIPPER'S LIABILITY TO EACH OTHER SHALL, IN ADDITION TO ANY OTHER LIMITATIONS SET FORTH IN THIS STATEMENT OF OPERATING CONDITIONS, BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IN NO EVENT SHALL TRANSPORTER OR SHIPPER BE LIABLE TO EACH OTHER FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES REGARDLESS OF NEGLIGENCE OR FAULT.

14. QUALITY

- 14.1 Gas tendered for delivery by Shipper to Transporter hereunder must meet Transporter's quality specifications designated in this Section. Such Gas must also meet the quality specifications of the interconnected pipeline facilities that receive Gas from Transporter and deliver Gas to Transporter. However, the quality specifications of Gas tendered for delivery to a processing facility on Transporter's Pipeline System shall be the quality specifications designated by the processing facility, provided that (i) the gas is actually being processed or otherwise treated at the facility and (ii) such quality specifications are acceptable to Transporter and do not compromise the integrity of Transporter's Pipeline System.
- 14.1.1 Such Gas must not contain more than one-quarter (1/4) of one (1) grain of hydrogen sulfide or more than five (5) grains of sulfur per one hundred (100) cubic feet;
- 14.1.2 Such Gas must have a total Gross Heating Value of not less than nine hundred fifty (950) Btus per cubic foot of gas as calculated on a saturated basis;
- 14.1.3 Such Gas must not exceed a hydrocarbon dew point of forty (40) degrees F;
- 14.1.4 Such Gas must not have a temperature greater than one hundred twenty (120) degrees F or less than forty (40) degrees F;
- 14.1.5 Such Gas must not contain more than two (2) percent by volume of carbon dioxide;
- 14.1.6 Such Gas must not contain more than two (2) percent by volume of nitrogen;
- 14.1.7 Such Gas must not contain more than two-tenths (.2) percent by volume of oxygen;
- 14.1.8 Such Gas must not contain more than four (4) percent by volume of non-hydrocarbon gases;
- 14.1.9 Such Gas must be commercially free of all liquids, suspended matter, dust, all gums and gum forming constituents, and other objectionable substances;
- 14.1.10 Such Gas must not contain more than seven (7) pounds of H₂O vapor per one million (1,000,000) cubic feet; and
- 14.1.11 Such Gas must not contain any substances in any amount which violate any applicable laws, orders, rules, and regulations, of any jurisdictional authority with jurisdiction hereof.
- 14.2 In the event the Gas tendered hereunder should fail to meet the quality specifications stated above, then the receiving party may notify the tendering party, who will make a diligent effort to correct the situation. The receiving party will have the right to refuse to accept such Gas for so long as the tendering party is unable to tender Gas conforming to such specifications, or may accept delivery of such Gas or any part thereof during such period. A party's acceptance of Gas that does not conform to the quality specifications stated above will not constitute a waiver of such specifications by that party with regard to Gas tendered after such acceptance.
- 14.3 Notwithstanding anything in this Statement of Operating Conditions to the contrary, in the event Shipper shall deliver Gas containing any substance which harms or could harm

Transporter, Transporter's facilities or the facilities of any third party, Transporter shall have the right to immediately suspend taking such Gas and Shipper shall indemnify and hold harmless Transporter against any claims or causes of action brought by any person or entity whether in contract or in tort which arise out of or are related to the transportation, parking or lending of such Gas and shall reimburse Transporter for any and all damages arising therefrom.

- 14.4 Transporter shall have the right, but not the obligation, to designate quality specifications in the transportation service agreement at a particular Point of Receipt which may vary from those stated above, provided such Gas blends with Transporter's Pipeline System Gas to meet the standard quality specifications stated in Section 14.1. Acceptance of such Gas by Transporter shall be at its sole discretion. Transporter's acceptance of such Gas tendered by Shipper on a particular Gas Day does not constitute a waiver by Transporter of its right to refuse to accept Gas not conforming to the quality specifications stated above on another Gas Day.

15. MEASUREMENT

- 15.1 The unit of volume for measurement of Gas received and delivered hereunder is one thousand (1,000) cubic feet of Gas at a base temperature of sixty (60) degrees F and at an absolute pressure of fourteen and seventy-three hundredths (14.73) Psia. The MMBtu equivalent of such unit of volume shall be determined by multiplying each such unit of volume by the total heating value per cubic foot of Gas hereunder and by dividing the result by one thousand (1,000).
- 15.2 All measurement facilities hereunder shall be installed and operated in accordance with the standards approved by the American National Standards Institute of June 28, 1977, and prescribed in the Gas Measurement Committee of the American Gas Association ("AGA") Report Number 3 (ANSI/API 2530-92; API#14.3; GPA 8185-92), as it is now and from time to time may be revised, amended or supplemented. In the event electronic measurement is utilized, the installation and operation shall conform to AGA Part No. 8/API21.1 as it is now and may from time to time be revised, amended, or supplemented. Gas quantities measured with the use of ultrasonic meters shall be determined in accordance with the provisions of the Gas Measurement Committee of the AGA Report No. 9, as it is now and may from time to time be revised, amended or supplemented.
- 15.3 Transporter shall arrange for the ownership and operation of the measuring stations located at the Point of Receipt and Point(s) of Delivery. The changing of charts or collection of electronic measurement data and the calculation of the volume and energy value (MMBtu) thereof shall be the responsibility of Transporter. The calibrating and adjusting of meters shall be performed or arranged for by Transporter in compliance with Section 15.8.
- 15.4 Shipper has the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the equipment used in measuring Gas hereunder. The records from such measuring equipment shall remain the property of Transporter or its representative, but upon request, Transporter shall submit to Shipper copies of the records and charts, together with calculations therefrom, subject to their return within thirty (30) days after receipt thereof. If Shipper fails to return the records and charts within thirty (30) days, Transporter shall be under no obligation to provide additional records and charts until the non-returned records and charts are returned to Transporter. Transporter shall retain the charts for a period of two (2) Contract Years following the end of the Contract Year to which they are applicable. Transporter shall give Shipper sufficient notice

in advance of all tests so that Shipper may, at its election, be present in person or by its representative to observe adjustments, if any, which are made.

- 15.5 For the purposes of measurement and meter calibration, the atmospheric (barometric) pressure shall be assumed, unless otherwise determined by the Standard Gas Measurement Law, to be constant, determined by elevation and specific site location irrespective of variations in actual atmospheric pressure from time to time.
- 15.6 The temperature of the Gas hereunder shall be determined by the continuous use of a recording thermometer. The temperature recorded each Gas Day, during periods of flow only, shall be used in computing the Gas volume for that Gas Day.
- 15.7 At the sole option of Transporter, Btu and relative density may be determined by means of an on-line chromatograph, a portable chromatograph, a continuous sample, or a spot sample taken at the Points of Receipt and Points of Delivery. In the event a continuous or spot sample is utilized, the results of the analysis of such sample may be applied to Gas delivered on the first Gas Day of the following Month and thereafter until the first Gas Day of the Month following in which another sample is taken. For the Month in which Gas first flows, the results of the analysis of such continuous or spot sample shall also be used in calculating quantities of Gas for the Month in which the test is made. Fractional analysis shall be performed in accordance with ANSI/ASTM D3588-79 as is now in effect and from time to time may be amended, revised, or updated.
- 15.8 If, upon any test, the metering equipment at any point is found to be inaccurate in the aggregate by one (1) percent or more, registration thereof and any payment based upon such registrations shall be corrected at the rate of such inaccuracy for any period of inaccuracy which is definitely known or agreed upon, or if not known or agreed upon, then for a period extending back one-half (1/2) of the time elapsed since the Gas Day last calibrated not to exceed fifteen (15) Gas Days. Following any test, any metering equipment found to be inaccurate to any degree shall be adjusted immediately to measure accurately. If, for any reason, any meter is out of service or out of repair so that the quantity of Gas delivered or redelivered through such meter cannot be ascertained or computed from the readings thereof, the quantity of Gas so delivered during the period such meter is out of service or out of repair shall be estimated and agreed upon by the parties hereto on the basis of the best available data, using the first of the following methods that is feasible:
 - 15.8.1 by using the registration of any check measuring equipment of the other party, installed and registering; or
 - 15.8.2 by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or
 - 15.8.3 by estimating the quantity of receipts or deliveries from preceding periods under similar conditions when the meter was registering accurately.

16. BALANCING AND PENALTIES

- 16.1 Balancing of thermally equivalent quantities of Gas received and delivered by Transporter shall be achieved as nearly as feasible on an hourly basis, with any cumulative imbalance accounted for on a Monthly basis. Correction of imbalances shall be the responsibility of the Shipper at

the time such imbalance information is available. Correction of imbalances shall be scheduled with Transporter using the nomination process as soon as an imbalance is known to exist based on the best available current data. Nominations to correct imbalances shall have the lowest priority for scheduling purposes and shall be subject to the availability of capacity and other operational constraints for imbalance correction. If on any Gas Day capacity is insufficient to schedule all imbalance nominations, all such nominations shall be scheduled on a first-come, first-served basis. To maintain the operational integrity of its Pipeline System, Transporter shall have the right to require Shippers to balance accounts as conditions may warrant, without liability.

- 16.2 Imbalances shall exist as defined below and be subject to the applicable charges and penalties if not corrected. Transporter may in its sole good faith judgment waive or discount any penalties hereunder. Transporter shall waive any penalties due to imbalances which result from errors made by Transporter or which result from force majeure invoked by either Transporter or the receiving party.

16.2.1 Unauthorized Overruns - Actual delivered quantity exceeds MDQ

An imbalance shall exist if the actual delivered quantity on any Gas Day exceeds the MDQ and the excess delivered quantity has not been authorized by Transporter (Authorized Overrun).

Penalty: For the unauthorized quantity delivered that is greater than the MDQ, Shipper shall be assessed a charge equal to the maximum daily price of Gas in the state of Texas as published in *Gas Daily*, or if *Gas Daily* is unavailable, another similar publication plus one dollar (\$1.00) per MMBtu.

In addition, the quantity delivered in excess of the MDQ shall be charged the Authorized Overrun charge as provided in the applicable rate schedule of Shipper.

16.2.2 Negative Imbalance - delivered quantity exceeds receipt quantity

A net negative imbalance shall exist if the quantity received less the quantity delivered, taking into account the reduction in quantity for Fuel provided by Shipper in-kind, if applicable, yields a negative result. Commencing upon the date Shipper has access to data that makes available the existence of the imbalance (including oral, written or electronic communication or postings by Transporter, or Shipper's access to electronic flow measurement data), Shipper shall have 3 Gas Days to correct the imbalance.

Penalty: If, at the end of the 3-day period the net negative imbalance is in excess of 10% of the delivered quantity or 1000 MMBtu, whichever is greater, the Shipper shall be assessed a charge equal to the maximum daily price of Gas in the state of Texas as published in *Gas Daily*, or if *Gas Daily* is unavailable another other similar publication, plus one dollar (\$1.00) per MMBtu applied to the excess quantities; provided, however, that if Shipper is unable to correct its imbalance due to Transporter's interruption or curtailment of Shipper's service during that 3-day period, Shipper shall be allowed to correct its imbalance within a reasonable time period following such interruption or curtailment. If the imbalance is not corrected within thirty (30) Gas Days of Transporter's notice of an imbalance, the Shipper shall be assessed an additional charge of ten dollars (\$10.00) per MMBtu, applied to the net imbalance remaining at the end of the thirty (30) Gas Day balancing period.

16.2.3 Positive Imbalance - quantity received exceeds delivered quantity

A net positive imbalance shall exist if the quantity received less the quantity delivered, taking into account the reduction in quantity for Fuel provided by Shipper in-kind, if applicable, yields a positive result. Commencing upon the date Shipper has access to data that makes available the existence of the imbalance (including oral, written or electronic communication or postings by Transporter, or Shipper's access to electronic flow measurement data), Shipper shall have 3 Gas Days to correct the imbalance.

Penalty: If, at the end of the 3-day period the net positive imbalance is in excess of 10% of the delivered quantity or 1000 MMBtu, whichever is greater, the Shipper shall be assessed a charge equal to the maximum daily price of Gas in the state of Texas as published in *Gas Daily*, or if *Gas Daily* is unavailable another similar publication, plus one dollar (\$1.00) per MMBtu applied to the excess quantities; provided, however, that if Shipper is unable to correct its imbalance due to Transporter's interruption or curtailment of Shipper's service during that 3-day period, Shipper shall be allowed to correct its imbalance within a reasonable time period following such interruption or curtailment. If the imbalance is not corrected within thirty (30) Gas Days of Transporter's notice of an imbalance, Transporter shall be able to retain the remaining imbalance quantity without compensation to the Shipper and free and clear of any adverse claim.

16.2.4 Scheduling Imbalance – quantity scheduled at a Point of Delivery varies from actual quantity delivered to the Point of Delivery

A scheduling imbalance shall exist if the quantities scheduled at a Point of Delivery are greater than or less than the actual quantities delivered. Such variances shall be permitted at the sole discretion of Transporter and penalty provisions will apply unless the scheduling imbalance is cured by the automatic parking and/or lending of Gas. Shipper may only utilize automatic parking and/or lending if parking and lending service agreements have been executed by both parties prior to the date the imbalance occurs and Shipper has designated points for automatic parking and/or lending. If two or more Shippers are delivering Gas to a single Point of Delivery, the predetermined allocation agreement with the Facility Owner shall govern the allocation of imbalances among the Shipper(s) and Facility Owner.

Penalty: If the daily scheduling imbalance at a Point of Delivery is in excess of 10% of the scheduled quantity, or 1000 MMBtu, whichever is greater, Shipper shall be assessed a charge equal to the maximum daily price of Gas in the state of Texas as published in *Gas Daily*, or if *Gas Daily* is unavailable, another similar publication, plus one dollar (\$1.00) per MMBtu applied to the excess quantities. Shipper must also correct any net negative or net positive imbalance within 3 days, as set forth in Section 16.2.2 and 16.2.3.

16.2.5 Hourly Delivery Imbalances – quantity delivered per hour at a Point of Delivery varies from 1/24th of the daily quantity scheduled.

An hourly delivery imbalance shall exist if the quantities delivered to a Point of Delivery are greater than or less than the uniform hourly rate of scheduled quantities divided by 24. Such fluctuations in flow shall be permitted at the sole discretion of Transporter. If two or more Shippers are delivering gas to a single Point of Delivery, the predetermined allocation agreement between Transportation and Facility Owner shall govern the allocation of hourly imbalance charges among the Shipper(s) and Facility Owner.

Penalty: If the hourly imbalance at a Point of Delivery is in excess of 10% of the uniform hourly rate of flow, Shipper(s) or Facility Owner shall be assessed an hourly charge equal to 1/24 of the maximum daily price of Gas in the state of Texas, as published in *Gas Daily*, or if *Gas Daily* is unavailable another similar publication, plus one dollar (\$1.00), or five dollars (\$5.00), whichever is greater, for each MMBtu applied to the excess quantities.

16.2.6 Imbalance determinations as described above will be performed on an hourly and daily basis and each daily occurrence will constitute a separate incident. It is recognized and understood that more than one penalty provision may apply to each imbalance incident.

16.2.7 The payment of a penalty in dollars pursuant to Section 16 shall under no circumstances be considered as giving any Shipper the right to deliver or take Overrun quantities.

16.2.8 Upon termination of a transportation service agreement, Shipper shall have thirty (30) days to correct any remaining imbalances. After this period has elapsed, Transporter shall have the right to retain any positive imbalance quantity without compensation to the Shipper and shall assess, in addition to all other penalties set forth in this Section 16, a charge of five dollars (\$5.00) per MMBtu for any negative imbalance quantity as applicable.

17. RATES AND CHARGES

17.1 Firm Transportation Service. Subject to modifications that may be imposed and/or authorized by the FERC or the Railroad Commission of Texas or other governmental agencies, each Month Shipper shall, where applicable, pay Transporter the following amounts for Firm transportation service:

- (a) Reservation Charge. A daily charge multiplied by each MMBTU of MDQ.
- (b) Commodity Charge. A volumetric charge multiplied by each MMBtu of Shipper's Gas delivered by Transporter to a Point of Delivery.
- (c) Overrun Service Charge. In the event that Shipper receives authorization to overrun its MDQ pursuant to Section 2, Shipper shall be subject to the applicable Overrun charge per MMBtu as specified in Shipper's transportation service agreement.
- (d) Fuel Reimbursement. The amount of Gas for Fuel and losses determined in accordance with Section 20.

17.2 Interruptible Transportation Service. Subject to modifications that may be imposed and/or authorized by the FERC or the Railroad Commission of Texas or other governmental agencies, each Month Shipper shall, where applicable, pay Transporter the following amounts for Interruptible transportation service:

- (a) Commodity Charge. A volumetric charge multiplied by each MMBtu of Shipper's Gas delivered by Transporter to a Point of Delivery.
- (b) Overrun Service Charge. In the event that Shipper receives authorization to overrun its MDQ pursuant to Section 2, Shipper shall be subject to the applicable overrun charge per

MMBtu as specified in Shipper's transportation service agreement.

- (c) Fuel Reimbursement. The amount of Gas for Fuel and losses determined in accordance with Section 20.

17.3 Parking and Lending Service. Subject to modifications that may be imposed and/or authorized by the FERC or the Railroad Commission of Texas or other governmental agencies, each Month Shipper shall, where applicable, pay Transporter the following amounts for Parking and Lending service:

- (a) Commodity Charge. A daily volumetric charge multiplied by each MMBtu of Gas in Shipper's parking account and/or lending account.

18. NOMINATIONS AND SCHEDULING

18.1 Transporter's Gas Scheduling Department may be contacted by Shipper as follows:

Schedulers: Contacts and telephone numbers are posted on StarWeb and on company's web site at www.elpaso.com.

Business Hours Telephone: (713) 676-5723

24-Hour Telephone: (713) 420-2600 - Ask for EPFS Gas Scheduling Department

After Hours Emergency Telephone: (210) 528-2222 (Gas Control - San Antonio, TX)

Gas Scheduling Department's Fax Number: (832) 676-1515

18.2 Shipper shall complete and execute the StarWeb Electronic Communications Services Client Authorization Form and receive approval from Transporter prior to submitting electronic nominations to Transporter. If Shipper desires to submit nominations to Transporter via EDI, Shipper must sign an Electronic Data Interchange Trading Partner Agreement prior to submitting nominations via EDI.

18.3 During any Gas Day when Shipper desires Transporter to transport, park or loan Gas, Shipper shall submit a nomination to Transporter's Gas Scheduling Department electronically through StarWeb or by EDI. The portal address for StarWeb is www.epfstarweb.com/starwebportal. Transporter may at its sole discretion allow Shipper to submit a nomination via fax.

18.4 Shipper shall submit to Transporter a nomination which shall include, at a minimum:

- (i) Shipper name and service agreement number; and
- (ii) Daily quantity of Gas to be transported, parked or loaned under the service agreement (expressed in MMBtu); and
- (iii) The quantities of Gas to be received by Transporter at a Point(s) of Receipt and delivered by Transporter to Point(s) of Delivery; and
- (iv) Shipper-defined begin dates and end dates; and
- (v) Contracts with upstream and downstream connected parties.

In the event Shipper has more than one transportation service agreement, Shipper shall provide Transporter with separate nominations for each transportation service agreement. If such nominations include the same Point(s) of Delivery and/or Point(s) of Receipt, Shipper shall specify in writing the order in which Gas received and/or delivered by Transporter shall be applied to such service agreements at the Point(s) of Delivery and/or Point(s) of Receipt.

Quantities nominated by Shipper for receipt by Transporter, excluding applicable Fuel, shall equal the quantities nominated by Shipper for delivery by Transporter, unless Shipper is nominating make-up quantities to correct imbalances or unless authorized by Transporter.

All nominations, excluding Intraday Nominations, shall have rollover options during each Month. Specifically, Shippers shall have the ability to nominate for several Gas Days in a given Month, up to and including the last Gas Day of the specific Month, provided the nomination begin and end dates are within the term of Shipper's contract. Such nominations shall be deemed "Standing Nominations." Shipper shall provide as a component of its nomination such information as may be required by Transporter to enable it to identify, confirm, and schedule the nomination. Shipper shall request Overrun quantities in a separate nomination.

18.5 Transporter will utilize the following nomination cycles:

(i) THE TIMELY NOMINATION CYCLE (CYCLE 1) –
NOMINATIONS FOR GAS FLOWING THE FOLLOWING GAS DAY OR
THEREAFTER

Nomination: 11:30 a.m. (CCT) Shipper's nomination received by Transporter;

Confirmation: 3:30 p.m. (CCT) Completed confirmations received by Transporter from upstream and downstream-connected parties;

Notice: 4:30 p.m. (CCT) Transporter provides notice of scheduled quantities to Shipper via StarWeb;

Scheduling: Scheduled quantities resulting from the timely nomination cycle shall be effective at 9:00 a.m. (CCT) for the Gas Day of flow.

(ii) THE EVENING NOMINATION CYCLE (CYCLE 2) –
NOMINATIONS FOR GAS FLOWING THE FOLLOWING GAS DAY

Nomination: 6:00 p.m. (CCT) Shipper's nomination received by Transporter;

Confirmation: 9:00 p.m. (CCT) completed confirmations received by Transporter from upstream and downstream-connected parties;

Notice: 10:00 p.m. (CCT) Transporter provides notice of scheduled quantities to Shipper via StarWeb including notice of any reduced quantities, if applicable. Bumping is permitted during the Evening Nomination Cycle;

Scheduling: Scheduled quantities resulting from Evening Nomination Cycle shall be effective at 9 a.m. for the Gas Day of flow.

(iii) THE INTRADAY 1 NOMINATION CYCLE (CYCLE 3) -
NOMINATIONS FOR GAS FLOWING THE SAME GAS DAY:

Nomination: 10:00 a.m. (CCT) Shipper's nomination received by Transporter;

Confirmation: 1:00 p.m. (CCT) Completed confirmations received by Transporter from upstream and downstream-connected parties;

Notice: 2:00 p.m. (CCT) Transporter provides notice of scheduled quantities to Shipper via StarWeb including notice of any reduced quantities, if applicable. Bumping is permitted during the Intraday 1 Nomination Cycle;

Scheduling: Scheduled quantities resulting from Intraday 1 Nomination Cycle shall be effective at 5:00 p.m. (CCT) on the Gas Day of flow.

(iv) THE INTRADAY 2 NOMINATION CYCLE (CYCLE 4) -
NOMINATIONS FOR GAS FLOWING THE SAME GAS DAY:

Nomination: 5:00 p.m. (CCT) Shipper's nomination received by Transporter;

Confirmation: 8:00 p.m. (CCT) Completed confirmations received by Transporter from upstream and downstream-connected parties;

Notice: 9:00 p.m. (CCT) Transporter provides notice of scheduled quantities to Shipper via StarWeb including notice of any reduced quantities, if applicable. Bumping is not allowed during the Intraday 2 Nomination Cycle;

Scheduling: Scheduled quantities resulting from Intraday 2 Nominations shall be effective at 9:00 p.m. (CCT) on the Gas Day of flow.

- 18.6 Transporter may, in its sole discretion, accept nominations at such later times as operating conditions permit and upon confirmation that corresponding upstream and downstream arrangements in a manner satisfactory to Transporter have been made. Transporter will first schedule nominations received in accordance with the timelines set forth in Section 18.5. Transporter will then determine if it will accept and schedule nominations received after the applicable nomination deadlines.
- 18.7 All Standing Nominations shall remain in place for the duration of a Month until changed by Shipper with a new nomination. New nominations to replace Standing Nominations must be received by Transporter's Gas Scheduling Department in accordance with the scheduling timelines set out in Section 18.5 and Section 18.6.
- 18.8 If Shipper submits to Transporter an Intraday Nomination or a new nomination replacing a Standing Nomination, and Transporter does not receive confirmation of the newly nominated quantities from the upstream and downstream connected parties, Transporter shall schedule the lesser of 1) the newly nominated quantity or 2) the quantity confirmed with upstream and downstream connected parties.
- 18.9 Requests to amend previously scheduled nominations may be accepted during the Gas Day

according to the timelines set forth in Section 18.5(iii) and 18.5 (iv) and, subject to operational conditions and confirmation that corresponding adjustments to upstream and downstream transportation have been made in a manner satisfactory to Transporter. Such Intraday Nominations can be used to request increases or decreases in total flow or changes to Points of Delivery or Points of Receipt of scheduled Gas. Any decrease shall be no less than the elapsed-prorated scheduled quantity. A request to increase a nomination for Firm transportation service up to the MDQ specified in the transportation service agreement will be accommodated to the extent operating conditions permit. Firm Intraday Nominations other than those submitted during the Intraday 2 Nomination Cycle shall have priority over nominated and scheduled Interruptible volumes. A request to increase a nomination for Interruptible transportation shall be permitted at Transporter's sole discretion and only to the extent that capacity is available and that no displacement of other Interruptible transportation service occurs. Such changes will become effective only when Pipeline System operating conditions permit, as determined by Transporter.

All nominations, including Intraday Nominations, should be based on a daily quantity; thus, an Intraday Nomination need not be submitted as an hourly nomination. Intraday Nominations do not have rollover options and will replace the Standing Nomination only for the duration of the Gas Day. Quantities for Intraday Nominations will be expressed in MMBtus, and represent the total quantities to be delivered prior to the end of the effective Gas Day.

- 18.10 Transporter shall be allowed to rely conclusively on the information submitted as part of the nomination in confirming the nomination for scheduling and allocation. Shipper must provide to Transporter Shipper's current designated contact, after-hours and emergency telephone numbers. Such information must be updated as often as changes to such information occur. Transporter may rely solely upon the information provided by Shipper and will not be liable to Shipper if Shipper's contact information is outdated and communication attempts with such Shipper are unsuccessful.
- 18.11 Scheduled quantities will be received and delivered at a uniform hourly rate of scheduled quantity divided by 24. Transporter shall have the sole discretion to accept variations from such hourly rates and may assess an hourly imbalance charge as set forth in Section 16.2.5.

19. FORCE MAJEURE

- 19.1 The term "force majeure" as employed herein shall mean acts of God; strikes, lockouts and industrial disputes or disturbances; inability to secure or delays in obtaining labor, materials, supplies, permits, easements or rights-of-way, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies; arrests and restraints of governments and people; interruptions by government or court orders; present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction; acts of the public enemy; vandalism; wars; riots; civil disturbances; blockades; insurrections; epidemics; landslides; lightning; tornadoes, hurricanes; earthquakes; fires; storms; floods; washouts; explosions; breakage and/or accidents to plant facilities including machinery, lines of pipe, wells or subsurface storage caverns or reservoirs; and any other cause, whether of the kind enumerated herein or otherwise, not reasonably within the control of Transporter or Shipper and which by the exercise of due diligence such party is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes

or lockouts when such course is inadvisable in the discretion of the party having the difficulty.

- 19.2 If either party shall fail to perform any obligation imposed upon it by this Statement of Operating Conditions or by an executed service agreement, and such failure shall be caused, or contributed to, by force majeure as described in Section 19.1 above, such failure shall be deemed not to be a breach of the obligation of such party, but such party shall use due diligence to carry out its obligations; provided, however, that no such cause affecting the performance of either party shall continue to relieve such party from its obligation after the expiration of a reasonable period of time within which by the use of due diligence such party could have remedied the situation preventing its performance, nor shall any such cause relieve either party from any obligation unless such party shall give notice thereof in writing to the other party with reasonable promptness; and like notice shall be given upon termination of such cause.
- 19.3 A force majeure event shall not relieve Shipper from its obligations to make payments due, including the payments of reservation charges for the duration of such cause, except as provided in Section 19.4 for firm transportation agreements.
- 19.4 Should a force majeure event render Transporter unable to satisfy its Firm obligations to Shipper for at least seven consecutive days, then Transporter shall, for the remainder of the force majeure event, waive the reservation charges for the Firm obligations that cannot be satisfied by Transporter; provided, however, such waiver shall be effective only if (i) mutually acceptable alternative Primary and/or secondary Points of Receipt and/or Delivery to satisfy the obligations of both parties are not available, (ii) Shipper is not in breach of its service agreement or this Statement of Operating Conditions, and (iii) Shipper is not obligated to make payments of reservation charges as set forth immediately below.

Should such force majeure event described in this Section 19.4 extend beyond 90 consecutive days, Shipper shall, at Transporter's request, either (i) resume payments of all reservation charges or (ii) agree to reduce the MDQ (and related MDO and MRO) in the transportation service agreement by the average daily quantity of Firm obligations for which Transporter has waived reservation charges during the preceding 90 days. Any such modification to the transportation service agreement shall be in effect for the remaining term of the transportation service agreement, unless amended by the mutual agreement of both parties.

20. FUEL

Fuel may be paid in kind at Shipper's Point(s) of Receipt or in dollars per MMBtu for Firm and Interruptible transportation service, as set forth in Shipper's transportation service agreement. No Fuel will be assessed for parking and landing service.

21. BILLING AND PAYMENT

- 21.1 Not later than the tenth (10th) Business Day of each Month, Transporter shall provide Shipper an invoice and any required backup data (which may be transmitted by fax) setting forth (i) the charges due for the preceding Month; (ii) the total quantity of Gas, stated in MMBtu, received from and delivered to Shipper hereunder during the preceding Month(s), with applicable Point(s) of Receipt and Point(s) of Delivery properly identified, and the amount due therefor; and if applicable, (iii) information sufficient to explain and support any adjustments made by Transporter in determining the amount billed. If actual quantities are not available by the tenth (10th) Business Day of the Month, Transporter may invoice Shipper based on the best available

data subject to adjustment to actuals at a later date or Transporter may delay the issuance of the invoice until actual quantities are available.

- 21.2 Shipper shall pay Transporter the full amount reflected on the invoice within ten (10) days of its receipt of the same by the method of payment specified in the service agreement. Such payment shall be made to the remittance address referenced on the invoice. If the tenth (10th) day shall fall upon a weekend or legal holiday, then such payment shall be made on the last regular Business Day prior to such tenth (10th) day. Shipper making payment shall submit supporting documentation; Transporter shall apply payment per supporting documentation provided by Shipper; and if payment differs from invoiced amount, remittance detail shall be provided with the payment.
- 21.3 If an error is discovered in any billing, such error shall be adjusted within thirty (30) days of the determination thereof. If a dispute arises as to the amount payable in any invoice rendered hereunder, Shipper shall nevertheless pay when due the amount not in dispute under such invoice. Such payment shall not be deemed to be a waiver of the right by Shipper to recoup any overpayment, nor shall acceptance of any payment be deemed to be a waiver of the right by Shipper to recoup any overpayment, nor shall acceptance of any payment by Transporter be deemed to be a waiver by Transporter of any underpayment. In the event Shipper fails to forward the entire undisputed amount due to Transporter when same is due, interest on the unpaid portion shall accrue at a rate equal to two percent (2%) above the prime rate published in *The Wall Street Journal*, from time to time, or the maximum legal rate, whichever is the lesser, compounded daily from the date such payment is due until the same is paid. If Shipper's failure to pay the undisputed portion of any invoice rendered hereunder continues beyond thirty (30) days after the due date of such invoice, then Transporter, in addition to all other legal remedies available to it, shall have the right and option to suspend further deliveries of Gas until such default shall have been cured. If Shipper's failure to pay the undisputed portion of any invoice rendered hereunder continues beyond sixty (60) days after the due date of such invoice, then Transporter, in addition to all other legal remedies available to it, shall have the right and option to terminate service hereunder and under the service agreement.
- 21.4 If Shipper withholds payment of any disputed amount as authorized herein, Shipper shall, within ten (10) days after the due date of the disputed invoice, submit to Transporter a written explanation of the dispute and any available supporting documentation. The parties shall then cooperate in good faith to resolve such dispute as expeditiously as possible, and the portion, if any, of such disputed amount eventually determined to be due shall bear interest at the rate stated in Section 21.3 above from the original due date until the date actually paid.
- 21.5 Both Transporter and Shipper shall have the right at their own expense to examine and audit at any reasonable time the books, records (including measurement, billing and payment) and charts of the other to the extent necessary to verify the accuracy of any statements or charges made under or pursuant to any of the provisions of Shipper's service agreement. Upon request, Shipper shall also make available to Transporter for audit purposes any relevant records of interconnecting pipelines to which Shipper conveniently has access. A formal audit of accounts shall not be made more often than once each Contract Year. Any inaccuracy will be promptly corrected when discovered; provided, however, that neither Transporter nor Shipper shall be required to maintain books, records or charts for a period of more than two (2) Contract Years following the end of the Contract Year to which they are applicable. Neither Transporter nor Shipper shall have any right to question or contest any charge or credit if the matter is not

called to the attention of the other in writing within two (2) years after the end of the Contract Year in question.

22. ASSIGNMENT

The service agreement between Shipper and Transporter, including, without limitation, each indemnification, shall inure to and bind the permitted successors and assigns of Shipper and Transporter; provided, neither Shipper nor Transporter shall transfer the service agreement without the prior written approval of the other and which approval may not be unreasonably withheld, delayed or conditioned. Such transfer shall not be effective until approved by the other party. Provided further, either Shipper or Transporter may transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other, but no such transfer shall operate to relieve the transferor of its obligations hereunder. Notwithstanding the foregoing, either party may assign its rights, title, and interest in, and by virtue of the service agreement, including any and all extensions, renewals, amendments, and supplements hereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor and, if any such trustee be a corporation, without its being required by the parties hereto to qualify to do business in the state in which the performance of this agreement may occur. Shipper or Transporter's transfer in violation of this Section 22 shall be void.

EXHIBIT 1

FORM OF SERVICE REQUEST

Send to: EPGT Texas Pipeline, L.P.
4 Greenway Plaza, Room 560
Houston, Texas 77002
Attention: Transportation and Storage Marketing
Fax: 832-676-5689

INFORMATION REQUIRED FOR VALID REQUEST FOR SERVICE AGREEMENT

NOTE: Any change in the facts set forth below, whether before or after service begins, must be promptly communicated to Transporter in writing.

Shipper name and address: (Note: the Shipper is the party that has all lawful rights and title to the Gas to be transported and that proposes to execute the service agreement with Transporter)

Attention: _____ Telephone: () _____
Fax: () _____ E-Mail: _____

This request is for: (check one)

_____ Firm transportation service
_____ Interruptible transportation service
_____ Parking service
_____ Lending service

Requested Transportation Service:

(a) Firm Transportation Service:

Maximum Daily Quantity (MDQ) _____ MMbtu

Primary Point(s) of Receipt: _____ MRO: _____ MMbtu
_____ MRO: _____ MMbtu
_____ MRO: _____ MMbtu

Secondary Point(s) of Receipt: _____

Primary Point(s) of Delivery: _____ MDO: _____ MMbtu

MDO: MMbtu
MDO: MMbtu

Secondary Point(s) of Delivery: _____

Rate Shipper proposes to pay for Firm transportation service:

Reservation Charge \$_____ per MMBtu of MDQ
Commodity Charge \$_____ per MMBtu plus applicable Fuel

Term of service:

Commencement Date: _____
Termination Date: _____

(b) Interruptible Transportation Service:

Maximum Daily Quantity (MDQ) _____ MMBtu

Point(s) of Receipt: _____

Point(s) of Delivery: _____

Rate Shipper proposes to pay for transportation service:

Commodity Charge \$_____ per MMBtu plus applicable Fuel

Term of service:

Commencement Date: _____
Termination Date: _____

(c) Parking and Lending Service:

Maximum Daily Quantity (MDQ) _____ MMBtu

Point(s) of Receipt/Delivery: _____

Automatic Parking/Lending Point(s)
of Receipt/Delivery: _____

Transportation Agreement Number(s) in which scheduling imbalances will be automatically parked/loaned:

Rate Shipper proposes to pay for parking and/or lending service:

Commodity Charge \$_____ per MMBtu

Term of service:

Commencement Date:_____

Termination Date:_____

Is Shipper affiliated with Transporter?

Yes _____ No _____

If yes, type of affiliation and the percentage of ownership between Transporter and Shipper:

For NGPA Section 311 service, please indicate the "on behalf of" entity(ies) below that Shipper warrants meets the provisions of Section 284 of the Commission's regulations:

Shipper's address for statements and invoices:

Attention:_____ Telephone: () _____
Fax: _____ E-Mail: _____

For all other matters:

Attention:_____ Telephone: () _____
Fax: _____ E-Mail: _____

Acceptance of a service request is contingent upon a satisfactory credit appraisal by Transporter. Shipper must provide evidence of creditworthiness as outlined in Section 6 of the Statement of Operating Conditions.

By submitting this request, Shipper certifies further that it will execute, if tendered by Transporter, a service agreement for the level of service requested herein.

THIS SERVICE REQUEST IS HEREBY SUBMITTED THIS _____ DAY OF
_____, _____.

By _____

Title _____

Telephone number () _____

Shipper _____ (Company Name)