

Roadrunner Gas Transmission, LLC

**STATEMENT OF OPERATING CONDITIONS
FOR INTRASTATE GAS TRANSPORTATION SERVICE**

ARTICLE I
Definitions

When used herein, the following terms, which shall be equally applicable to the singular and the plural forms of the terms defined, shall have the following meanings:

- 1.1 The term “**Agreement**” shall mean an executed Service Order, Transportation Agreement or Gas Service Agreement for service under this Statement of Operating Conditions (“**SOC**”) made by and between Company and Customer.
- 1.2 The term “**Btu**” shall mean British Thermal Unit(s). The definition of one Btu is the quantity of heat that must be added to one pound (avoirdupois) of pure water to raise its temperature from fifty-eight and fifty hundredths degrees Fahrenheit (58.5° F.) to fifty-nine and fifty-hundredths degrees Fahrenheit (59.5° F.) under standard pressure conditions. Btu shall be computed on a temperature base of sixty degrees Fahrenheit (60° F.) and pressure base of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia) and on a gross-real-dry basis.
- 1.3 The term “**Company**” means Roadrunner Gas Transmission, LLC, a Delaware limited liability company, operating a Natural Gas transmission pipeline in the State of Texas and which provides Transportation service under the regulatory jurisdiction of the Railroad Commission of Texas (RRC) and shall include any designee(s) of Company.
- 1.4 The term “**Customer**” shall mean the person or entity that has executed an Agreement with the Company for the service rendered pursuant to such Agreement or, as the context may require, any person or entity requesting service hereunder.
- 1.5 The term “**Service Order**” shall mean the form, which evidences the agreement between the Parties as to the terms of a particular transaction for the service(s) provided under the SOC.
- 1.6 The term “**Day**” shall mean a period of twenty-four (24) hours commencing at 9:00 a.m. (Central Clock Time) on one calendar day and ending at 9:00 a.m. (Central Clock Time) the following calendar day.
- 1.7 The term “**Equivalent Quantity**” shall mean the MMBTU of Natural Gas to be made available during any period of time to or on behalf of the Customer at one or more Point(s) of Delivery, which MMBTU shall be the thermal equivalent of the quantity delivered to Company at the Point(s) of Receipt by or on behalf of

Customer during that period of time, less the applicable Fuel Use and Line Loss quantity.

- 1.8 The term “**Fuel Use And Line Loss**” shall be the applicable percentage set forth in the Agreement.
- 1.9 The term “**gas,**” “**Gas,**” or “**Natural Gas**” shall mean the effluent vapor stream in its natural, gaseous state, including gas-well gas, casinghead gas, residue gas resulting from processing both casinghead gas and gas-well gas, and all other hydrocarbon and non-hydrocarbon components.
- 1.10 The term “**Heating Value**” shall mean the number of Btu’s per cubic foot of gas produced by the complete combustion of the gas at constant temperature and pressure, where the gas is measured at fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia) and 60 degrees Fahrenheit (60° F.) with air of the same temperature and pressure of the Gas, after products of combustion are cooled to the initial temperature of the Gas, and after the water of the combustion is condensed to the liquid state. Company shall correct the Heating Value of the Gas for the water vapor content of Gas at the Point(s) of Delivery in accordance with GPA 2172/API 14.5, but if the gas as so delivered contains six point eight (6.8) pounds or less of water vapor per 1,000,000 cubic feet, then the Gas is deemed to be dry and no correction is to be made. The Heating Value described herein shall be determined through means of chromatographic detection.
- 1.11 The term “**Maximum Daily Quantity**” or “**MDQ**” shall mean either (i) the maximum daily quantity of capacity that a Customer can nominate on any day for interruptible services or (ii) the MDDQ of capacity reserved for firm service.
- 1.12 “**Maximum Daily Demand Quantity**” or “**MDDQ**” shall mean the maximum daily quantity of capacity that a Customer can nominate on any day which is a reservation of firm services.
- 1.13 The term “**Month**” shall mean the period beginning at 9:00 a.m. Central clock time on the first Day of each calendar month and ending at 9:00 a.m. Central clock time on the first Day of the next succeeding calendar month, except where references not involving Gas measurement volumes are involved, in which case the calendar month shall be deemed to be the month referred to.
- 1.14 The term “**Mcf**” shall mean one thousand (1,000) cubic feet of gas.
- 1.15 The term “**Operational Flow Order**” shall mean the issuance of notice requiring that the physical flows at each Point(s) of Receipt must balance the confirmed or scheduled flows at each such Point(s) of Receipt, and the physical flows at each Point(s) of Delivery must balance the confirmed or scheduled flows at each such Point(s) of Delivery, via the telephone, Internet page, email, and facsimile, which are intended to alleviate conditions which threaten the safe operations or System

integrity of the Company's Systems, or which are required to maintain efficient and reliable service.

- 1.16 The term "**Party**" shall mean either Company or Customer, and the term "Parties" shall mean both Company and Customer.
- 1.17 The term "**Point(s) of Delivery**" shall mean the point or points where Gas is delivered to or for the account of Customer and are shown on the applicable Service Order, each Point(s) of Delivery shall be treated separately with respect to all rights and obligations and all actions to be taken pursuant to the Agreement and the Exhibits attached thereto.
- 1.18 The term "**Point(s) of Receipt**" shall mean the point or points where the Company shall receive Gas from the Customer, as described on the applicable Service Order.
- 1.19 The term "**System Or Systems**" shall mean the various pipeline facilities and related equipment located in the State of Texas owned by the Company as of the date of this Agreement, including but not limited to the compressors, regulators, meters and support facilities.
- 1.20 The term "**Taxes**" shall mean any tax (other than ad valorem, income or excess profit taxes), license, fee or charge now or hereafter levied, assessed or made by a governmental authority on the act, right or privilege of transporting, handling or delivering gas which is measured by the volume, value, carbon content or sales price of the gas or the gross receipts from providing a service.
- 1.21 The term "**Transportation**" shall mean the transmission of Gas, whether by exchange, backhaul, storage, displacement or any other actual or constructive method or movement of gas from any Point(s) of Receipt to any Point(s) of Delivery.
- 1.22 The term "**Year**" shall mean a period of 365 consecutive days; provided, however, any such period which contains the date of February 29 shall consist of 366 consecutive days.

ARTICLE II

Availability, Quantities, and Character of Service Provided

- 2.1 Availability of Service. Transportation service provided under the Agreement shall be subject to all valid orders, rules, laws and regulations of duly constituted governmental authorities having or asserting jurisdiction or control over the Parties, their facilities and/or their gas supplies. Transportation service is available to any person, corporation, partnership, Customer or any Party on a nondiscriminatory, open access basis for the Transportation of Gas by Company subject to the following limitations:
- (a) All requests for Transportation service shall be made in writing.

Customer's request for service shall be in the form of a completed service request form and a completed credit application. Each request shall be considered valid on the date all information and all filing and reporting fees, if any required, are received by Company;

- (b) Company shall not be obligated to accept requests for service to the extent it lacks capacity to perform the requested Transportation service, or to the extent that a request for service seeks deliveries of Gas in a manner inconsistent with this SOC.
- (c) Any Transportation service request shall be deemed invalid should Customer fail to provide additional information necessary for Company to process request for Transportation service consistent with the SOC and all applicable rules, regulations or orders of any regulatory authority having jurisdiction herein; and
- (d) Customer and Company shall have executed an Agreement or confirmed an existing Agreement to be pursuant to and consistent with the SOC.

2.2 Quantity of Gas to be Transported. Subject to the terms herein, Company agrees to accept, on each Day at each Point(s) of Receipt designated in the Agreement, a quantity of gas as provided in such Agreement and which shall be referred to as the "Maximum Daily Quantity" or "MDQ."

- (a) Company may, in its sole discretion, accept or refuse quantities of gas tendered on any Day by Customer which are in excess of the MDQ. Any excess gas so accepted by Company will be subject to all of the terms and provisions herein. Any gas accepted by Company in excess of the MDQ will be provided on an interruptible basis.
- (b) Commencing on the date Customer initiates deliveries of gas to Company for Transportation under the Agreement, Company will deliver an Equivalent Quantity to Customer at the Point(s) of Delivery.

2.3 Character of Service. Customer recognizes that the firm Transportation services provided hereunder may be interrupted in whole or in part at any time and from time to time in Company's discretion to maintain System integrity and for planned and unplanned maintenance and subject to the provisions of Article XI herein. Company shall give Customer five (5) business Days' advance notice of such interruptions whenever it is commercially reasonable. Customer recognizes that interruptible Transportation services provided hereunder may be interrupted without notice in whole or in part at any time and from time to time as determined by the Company in its discretion, subject to the provisions of Article XI herein. The Parties agree that in no event shall an interruption of service in accordance with this provision constitute a breach of the Agreement and that Company shall not be liable to Customer in damages or otherwise due to such interruption of service.

2.4 Rate of Flow. The gas to be received by Company hereunder shall be delivered by Customer at uniform hourly and daily rates of flow as nearly as practicable. However, it is recognized that due to operating conditions, the quantities of gas received and delivered may not be in balance on any one particular Day. Furthermore, to the extent delivery rate information is available, Company and Customer shall immediately inform each other of any changes of delivery rate at the Point(s) of Delivery, and Company reserves the right to reduce the confirmed nomination at the Point(s) of Receipt to a quantity equal to the volumes being delivered to Customer at the Point(s) of Delivery at the time of such reduction. However, prior to reducing the confirmed nominations at the Point(s) of Receipt, Company shall provide Customer a minimum of four (4) hours' notice to allow Customer to change its nominations to satisfy its Natural Gas requirements.

2.5 Daily Balancing Requirements. It is the intention of Company and Customer that hourly deliveries to Customer at the Point(s) of Delivery hereunder will be approximately equal, on the basis of gross Heating Value, to hourly receipts by Company at the Point(s) of Receipt. However, due to variations in operating conditions, daily deliveries may be greater or less than the corresponding receipts of gas.

If receipts of gas at the Point(s) of Receipt on any given Day exceed deliveries of gas at the Point(s) of Delivery on such Day by greater than five percent (5%), Company shall purchase from Customer (on an MMBTU basis) any such gas volumes in excess of five percent (5%) on that Day at a rate equivalent to the applicable cashout percentage set forth below of the published price shown for that Day in the publication Gas Daily, under the heading "Absolute Low for Texas Intrastate, Waha Area."

Imbalance Percentage	Cashout Percentage
>5%-20%	90%
>20%	75%

If deliveries of gas at the Point(s) of Delivery on any given Day exceed receipts of gas at the Point(s) of Receipt on such Day by greater than five percent (5%), Customer shall purchase from Company (on an MMBTU basis) any such gas volumes in excess of five percent (5%) on that Day at a rate equivalent to the applicable cashout percentage set forth below of the published price shown for that Day in the publication Gas Daily, under the heading "Absolute High for Texas Intrastate, Waha Area." For the purposes herein, any such purchase, as described in this paragraph or in the immediately preceding paragraph, shall be referred to as a "cashout."

Imbalance Percentage	Cashout Percentage
>5%-20%	110%

>20%

125%

Notwithstanding the tolerance levels described above, (i) if the total quantities received at the Point(s) of Receipt on any given Day are within five percent (5%) of the total actual volumes delivered at the Point(s) of Delivery on such Day, then the daily cashout fees will not apply, and (ii) Company may, at its sole discretion in a non-discriminatory manner at any time and from time to time, elect to waive the daily balancing requirements described in this Article 2.5. If Company so elects, it will notify Customer that it has chosen to do so.

2.6 Monthly Balancing Requirements. The difference between the total actual monthly quantities of gas received by Company from Customer at the Point(s) of Receipt and the total actual monthly quantities delivered at the Point(s) of Delivery is the “Monthly Delivery Variance.”

(a) After receipt of written notice of the Monthly Delivery Variance (“imbalance statement”), Customer shall have the option, within five (5) Days of receipt of the imbalance statement, to trade the imbalance quantity with another shipper or, if Company determines that available capacity and operating conditions so permit, to settle the imbalance quantity in kind. Any remaining imbalances will be cashed out under the process below.

(b) If receipts of gas at the Point(s) of Receipt on any given month exceed deliveries of gas at the Point(s) of Delivery on such month by greater than three percent (3%), Company shall purchase from Customer (on an MMBTU basis) any such gas volumes in excess of three percent (3%) at a rate equivalent to the applicable cashout percentage set forth below of the lesser of: (i) the first month index price as published in Inside FERC Gas Market Report under the heading “West Texas Waha” for the month that gas flowed when the imbalance accrued or (ii) the first month index price as published in Inside FERC Gas Market Report under the heading “West Texas Waha” for the month in which the imbalance was calculated.

Imbalance Percentage	Cashout Percentage
>3%-20%	90%
>20%	75%

(c) If deliveries of gas at the Point(s) of Delivery on any given month exceed receipts of gas at the Point(s) of Receipt on such month by greater than three percent (3%), Customer shall purchase from Company (on an MMBTU basis) any such gas volumes in excess of three percent (3%) on that Day at a rate equivalent to the applicable cashout percentage set forth below of the greater of: (i) the first month index price as published in Inside FERC Gas Market Report under the heading “West Texas Waha”

for the month that gas flowed when the imbalance accrued or (ii) the first month index price as published in Inside FERC Gas Market Report under the heading “West Texas Waha” for the month in which the imbalance was calculated.

Imbalance Percentage	Cashout Percentage
>3%-20%	110%
>20%	125%

- (d) Company may, on a nondiscriminatory basis, at its sole discretion, at any time and from time to time, elect to waive the monthly balancing requirements described in this Article 2.6. If Company so elects, it will notify Customer that it has chosen to do so.

Notwithstanding anything in this SOC or an Agreement to the contrary, Company may for operational reasons, at any time and from time to time, with reasonable notice to Customer if practicable, restrict, interrupt, or reduce its receipts or deliveries of Gas at the Point(s) of Receipt or Point(s) of Delivery, and direct Customer to make adjustments in its receipts or deliveries, in order to maintain a daily and hourly balance or to correct an imbalance. If Customer fails or refuses to follow any such request from Company, Company may, without liability hereunder, cease accepting or delivering Gas under the Agreement until the conditions causing the imbalance are corrected.

- 2.7 Upstream and Downstream Transporters. Customer shall make all necessary arrangements with other pipelines or parties upstream of the Point(s) of Receipt or downstream of the Point(s) of Delivery in order to effect Company’s receipt or delivery of Customer’s gas.
- 2.8 Third Party Imbalance Penalties. Company or its designee will use commercially reasonable efforts to enter into operational balancing agreements or similar arrangements with the operators of the interconnecting pipelines at the Point(s) of Receipt and Point(s) of Delivery. If, on any Day, Customer or Company receives or delivers a quantity of gas, stated in MMBTU, that is greater or less than that nominated and scheduled for receipt or delivery at the Point(s) of Receipt or Delivery, respectively, and such deliveries cause Customer or Company to incur a penalty(ies), cashout cost(s), fee(s), forfeiture(s) or charge(s) (collectively referred to as “penalties”) as levied by any transporter upstream or downstream of the respective Point(s) of Receipt or Delivery, the Party whose actions resulted in the assessment of the penalty or other charges agrees to bear and pay such penalties or other charges. Customer and Company agree to provide each other with all information necessary to determine what event or Party caused the imbalance resulting in the imposition of such penalties or other charges by a transporter at the Point(s) of Receipt or Delivery.

ARTICLE III
Rates, Rate Election, Taxes and Fee Reimbursement

- 3.1 If firm Transportation service is provided pursuant to the Agreement, Customer shall pay the following to Company, as mutually agreed to and set forth on the Agreement:
- (a) A monthly demand fee which shall be the charge of the various components as set forth in the Agreement. The monthly demand fee is a reservation charge and shall be paid whether or not Customer nominates and/or accepts delivery of Gas from the System. The monthly demand fee shall be calculated by multiplying the “Daily Demand Rate” by the MDDQ set forth in Customer’s Service Order for each day of the applicable month;
 - (b) The commodity fee which shall be the product of (i) the actual Gas delivered to the Point(s) of Delivery, and (ii) the commodity rate as set forth in Customer’s Service Order for each day of the applicable month;
 - (c) Fuel Use and Line Loss quantity; and
 - (d) Customer shall pay all applicable surcharges, fees, Taxes, charges, and assessments imposed by or on behalf of any governmental entity in connection with the Agreement or in connection with the purchase, Transportation and disposition of Gas by or on behalf of Customer pursuant to the Agreement including but not limited to municipal and /or supplemental fees, franchise fees and any supplements thereto and taxes; provided that Company shall pay all ad valorem taxes and assessment levied on the System and all appurtenant facilities. At the request of Company, Customer will furnish company with any information available to Customer in connection with Company’s obligation under this article.
- 3.2 If interruptible Transportation service is provided pursuant to the Agreement, Customer shall pay the following to Company, as mutually agreed to and set forth on the applicable Agreement.
- (a) The commodity fee which shall be the product of (i) the actual Gas delivered to the Point(s) of Delivery, and (ii) the commodity rate as set forth in the Agreement;
 - (b) Fuel Use and Line Loss quantity; and
 - (c) Customer shall pay all applicable surcharges, fees, Taxes, charges, and assessments imposed by or on behalf of any governmental entity in connection with the Agreement or in connection with the purchase, Transportation and disposition of Gas by or on behalf of Customer pursuant to the Agreement including but not limited to municipal and /or supplemental fees, franchise fees and any supplements thereto and Taxes;

provided that Company shall pay all ad valorem Taxes and assessment levied on the System and all appurtenant facilities. At the request of Company, Customer will furnish Company with any information available to Customer in connection with Company's obligation under this article.

ARTICLE IV
Delivery Pressures

- 4.1 All gas delivered at the Point(s) of Receipt shall be delivered at pressures sufficient to enter Company's System at the working pressures maintained by Company at the Point(s) of Receipt from time to time. Company shall not be obligated to receive gas at pressures exceeding the Maximum Allowable Operating Pressures as defined and prescribed under any applicable governmental regulations.
- 4.2 All gas delivered at the Point(s) of Delivery shall be delivered at the working pressures maintained by Company at the Point(s) of Delivery from time to time. Customer shall not be obligated to receive gas at pressures exceeding the Maximum Allowable Operating Pressures as defined and prescribed under any applicable governmental regulations.

ARTICLE V
Measurement Procedures

- 5.1 Atmospheric Pressure. The atmospheric pressure shall be assumed to be the average atmospheric pressure for the elevation as used by the Company in that particular geographic area where gas is measured.
- 5.2 Unit of Volume. The unit of volume for measurement of gas for all purposes shall be one (1) cubic foot of gas at a base temperature of sixty degrees Fahrenheit (60° F.) and at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).
- 5.3 Basis. The measurement of gas hereunder shall be corrected for deviation from Boyle's Law at the pressures and temperatures under which gas is measured hereunder by use of the AGA 8, Second Edition, Nov 1992, Detail Method or the most current subsequent edition available.
- 5.4 Sampling. At the option of either Party hereto, the acquisition of the sample will be by the use of a chromatograph, a continuous gas sampler or by taking spot gas samples all in accordance with API 14.1, as revised, "Methods for Obtaining Natural Gas Samples or Analysis by Gas Chromatography." In the event a continuous gas sampler is installed, the composite sample will apply to the month during which the sample was collected. The result of a spot sample shall be applied to gas deliveries beginning on the 1st Day of the month following the acquisition of the sample and receipt of the analytical results and continuing until the results are available from a new sample that has been taken.

- 5.5 Determination of Flowing Temperature. The temperature of the gas flowing through the meter or meters shall be determined by the continuous use of a recording thermometer installed so that it will properly record the temperature of the gas flowing through the meter or meters. The hourly average of the temperature shall be recorded and shall be used as part of the calculation for determining the volume of gas temperature shall be determined to the nearest 1/2 degree and rounded to the nearest 1/100th (when available), degree in Fahrenheit.
- 5.6 Determination of Composition, Gross Heating Value, Specific Gravity. The composition of the gas shall be determined from the sample of the gas by using GPA Standard 2261, as revised "Method of Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography", with the exception of sulfur compounds. The Gross Heating Value of the Gas shall be determined by using technically correct methods contained in GPA Standard 2172, as revised, "Methods for calculation of Gross Heating Value, Specific Gravity and Compressibility of Natural Gas Mixtures from Compositional Analysis."
- 5.7 Equipment. The operator of the measuring facilities at the respective Point(s) of Receipt and Delivery hereof shall operate and maintain, at its expense, said measuring equipment at the Point(s) of Receipt and Delivery hereunder. Each Party shall have access to the measuring equipment operated by such operator at all reasonable times, but readings, calibrations and adjustments thereof, and changing of charts shall be done by the employees or agents of the operator only.

Where measurement is by orifice, ultrasonic or Coriolis meter, all fundamental constants, observations, records and procedures involved in the determination and/or verification of the quantity and other characteristics of gas delivered hereunder shall be in accordance with the standards prescribed in the most current edition available of A.G.A. Report No. 3, 9 or 11 for orifice, ultrasonic or Coriolis meters respectively, with any revisions, amendments or supplements as may be mutually acceptable to Company and Customer, unless otherwise specified herein. Measurement by turbine meter, unless otherwise specified herein, shall be in accordance with A.G.A. Report No. 7, with any revisions, amendments or supplements as may be mutually agreeable to the Parties hereto. When positive displacement or turbine meters are used for the measurement of gas, the flowing temperature of the gas shall be assumed to be sixty degrees Fahrenheit (60°F.) and no correction shall be made for any variation there from; provided, however, both Parties shall have the option of installing a recording thermometer, and if either Party exercises such option, correction shall be made for each degree variation in the average flowing temperature for each meter recording. Where measurement is by other than orifice, turbine or positive meter, standards commonly acceptable in the Natural Gas industry shall be used in the determination of all factors involved in the computation of gas volumes.

As specified by Company, all measuring stations which it owns or operates at the Point(s) of Receipt and Delivery hereunder shall be equipped with orifice meter runs, orifice meter gauges, recording gauges or other types of meter or meters of

standard make and design commonly accepted in the Natural Gas industry in order to accurately measure the gas delivered to Company or Customer hereunder. At Company's election, an EFM transducers and other associated sensing devices may be installed to accurately measure the gas at the metering points which it owns or operates hereunder in accordance with the most current versions of API chapter 21.1 as revised "Flow Measurement using Electronic Metering Systems" AGA Report Nos. 3, 7, 9 and 11, as appropriate, in lieu of mechanical devices with charts. If an EFM and associated devices are installed, the values for gross Heating Value and specific gravity may be entered either manually (but not more frequently than once per month) or as real time data if such data is available at the site of measurement. Values for components required in the super compressibility correction determinations shall be entered as real time data if such data is available at the site of measurement or shall be entered manually at intervals mutually agreed upon, but at least once every six (6) months.

- 5.8 Calibration and Tests of Meters. If used, chromatographs shall be calibrated by the measuring Party against a standard gas sample at least once per month. All other measuring equipment shall be calibrated and adjusted as necessary by the measuring Party. All meters with a capacity of 50,000 MCF per month or more shall be calibrated monthly and adjusted as necessary by the measuring Party. The other Party may, at its option, be present for such calibration and adjustment. The measuring Party shall give the other Party notice of the time of all tests sufficiently in advance of conducting same so that both Parties may conveniently have their representatives present. Following any test, any measuring equipment found to be inaccurate to any degree shall be adjusted immediately to measure accurately.

Each Party shall have the right, at any time, to challenge the accuracy of any measuring equipment used hereunder and may request additional tests. If, upon testing, the challenged equipment is found to be in error, then it shall be repaired and calibrated. The cost of any such special testing, repair and calibration shall be borne by the Party requesting the special test if the percentage of inaccuracy is found to be one percent (1%) or less; otherwise, the cost shall be borne by the Party operating the challenged measuring equipment.

- 5.9 Access to Meters, Charts and/or Records. The other Party shall have access at all reasonable times to the measuring equipment and all other instruments used by the measuring Party in determining the measurement and quality of the gas delivered to Company or Customer hereunder, but the reading, calibrating, and adjusting thereof shall be done only by employees, agents or representatives of the measuring Party. The measuring Party shall keep the charts and/or records on file for a period of twenty-four (24) months for mutual use of Company and Customer. Upon request, the measuring Party shall submit to the other Party records and/or charts from such equipment, subject to return by that Party within fifteen (15) Days after receipt thereof.

- 5.10 Handling of Bias or Errors. If, any of the measuring equipment or process in the

aggregate is found to contain a Bias, the correction will be made to reflect the correct volume.

- 5.11 Failure of Meters. If, for any reason, the measuring equipment is out of service or out of repair so that the quantity of gas delivered through such measuring equipment cannot be ascertained or computed from the readings thereof, the quantity of gas so delivered during the period such equipment is out of service or out of repair shall be estimated and agreed upon by Company and Customer upon the basis of the best available data, using the first of the following methods which is feasible:
- (a) By using the registration of any duplicate measuring equipment installed by the measuring Party, if installed and registering correctly;
 - (b) By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation;
 - (c) By using the registration of any check measuring equipment of the other Party, if installed and registering accurately;
 - (d) By estimating the quantity of deliveries by using the volumes delivered to Company or Customer, as applicable, under similar conditions during preceding periods when the measuring equipment was registering accurately.
- 5.12 Check Measuring Equipment. Each Party may install, maintain and operate at its own expense such check measuring equipment as desired; provided, however, that such equipment shall be installed so as not to interfere with the operation of any other measuring equipment. Each Party shall have access to the check meter(s) so installed by the other Party at all reasonable times, but the reading, calibration and adjusting thereof and the changing of charts shall be done only by the employees or agents of the operator thereof.
- 5.13 New Measurement Techniques. If, at any time during the term hereof, a new method or technique is developed with respect to gas measurement or to the determination of the factors used in such gas measurement, such new method or technique may be substituted for the method set forth in this Article V when, in the opinion of Company, employing such new method or technique is advisable.

ARTICLE VI **Quality**

- 6.1 Specifications. The gas received and delivered under the terms of the Agreement:
- (a) Shall have a Heating Value of not less than 1,000 Btu per cubic foot nor more than 1,100 Btu per cubic foot and shall in no event have a water content in excess of six point eight (6.8) pounds of water vapor per million (1,000,000) cubic feet of gas.

- (b) Shall not contain more than nine grains of total sulfur, nor more than one-quarter (1/4) grain of hydrogen sulphide per one hundred (100) standard cubic feet of gas.
- (c) Shall not contain in excess of:
 - (1) Two percent (2%) by volume of Carbon Dioxide (CO₂).
 - (2) Twenty hundredths percent (0.20%) by volume of Oxygen (O₂).
 - (3) Three percent (3%) by volume of Nitrogen (N₂).
 - (4) Thirty-four hundredths (0.34) gallons of Propane and heavier hydrocarbons per Mcf.
 - (5) Total inerts shall not be greater than four percent (4%) by volume.
- (d) Shall have a temperature of not more than one hundred and twenty degrees Fahrenheit (120° F.), nor less than forty degrees Fahrenheit (40° F.) except for gas at the pipeline interconnect entering into Mexico shall have minimum temperature of fifty degrees Fahrenheit (50° F).
- (g) Shall contain not less than one thousand (1000) Btu nor more than one thousand one hundred and sixty nine (1169) Btu per cubic foot of gas.
- (e) Shall be commercially free from dust, gum, gum-forming constituents, gasoline, liquid hydrocarbons, water and any other substance of any kind that may cause injury to or interference with proper operation of the lines, meters, regulators, or other appliances through which it flows.
- (f) Shall be interchangeable with Gas which is:
 - (1) In the receiving transmission facilities.
 - (2) Delivered to the nearest end user, city border station, aggregation point or other pipeline interconnected with such receiving transmission facility.
 - (3) Downstream of the Point(s) of Delivery

6.2 Failure to Meet Quality Specifications. If, in the aggregate, the Gas received from the Point(s) of Receipt does not conform to the quality specifications prescribed in Article 6.1. above, then Company in its reasonable discretion, may reject any non-conforming Gas at specific Point(s) of Receipt as necessary to cause the aggregate quality of Gas to meet the quality specifications set forth in Article 6.1. If, in the aggregate, the Gas delivered to the Point(s) of Delivery does not conform to the quality specifications prescribed in Article 6.1 above, then Customer in its reasonable discretion, may reject any non-conforming Gas at specific Points(s) of

Delivery as necessary to cause the aggregate quality of Gas to meet the quality specifications set forth in Article 6.1. Notwithstanding the foregoing, neither Party shall be liable for terminating receipt or delivery of non-conforming Gas. Acceptance by Company of non-conforming Gas at any Point(s) of Receipt does not constitute a waiver of the quality specifications set forth in Article 6.1 with respect to such Gas, any other Gas delivered under an Agreement in the future, or any claim for damages due to such failure to conform.

ARTICLE VII
Billing and Accounting

7.1 Accounting Statements. On or before the twenty-fifth (25th) Day of each calendar month after commencement of Gas receipts and deliveries hereunder, Company shall render to Customer a statement for the preceding month showing the total MMBTU of Gas received and delivered and each Point(s) of Receipt and Point(s) of Delivery, and any information needed to explain and support any adjustment made by Company. Any such statement (and supporting documents) may also be sent to Customer's suppliers of Gas. When information necessary for statement purposes is in the possession of Customer and is requested by the Company, Customer shall furnish such information to Company on or before the fifth (5th) business Day of the month in which the statement requiring such data is to be rendered.

(a) Both parties hereto shall have the right at any and all reasonable times to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder. Both parties shall preserve for a period of two (2) Years all test data, charts and other similar records. If it shall be found at any time or times that Customer has been overcharged or undercharged in any form whatsoever under the provisions of the Agreement and Customer shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) Days after the final determination thereof, Company shall refund the amount of any such overcharge, or Customer shall pay the amount of any such undercharge, provided, however, the late charge as calculated in Article 7.2 shall apply to any undercharge or overcharge not paid with thirty (30) Days from the date of notification to the party who owes payment of the amount of the undercharge or overcharge. In the event an error is discovered in the amount billed in any statement rendered by Company, such error shall be adjusted within sixty (60) Days from the date of discovery of such error but, in any event, within twenty-four (24) months from the date of statement containing the error.

7.2 Late Payment. Should Customer fail to pay any amount due under any Agreement when such amount is due, interest on the unpaid portion shall accrue at a rate (which in no event shall be higher than the maximum rate permitted by applicable law) equal to one and one-half percent (1.5%) per month from the due

date until the date of payment. If such failure to pay continues for thirty (30) Days after payment or delivery is due, Company, in addition to any other remedy it may have, may suspend further receipts and deliveries of Gas until such amount is paid or delivered; provided, however, that if Customer in good faith shall dispute in writing the amount of any such bill or part thereof and shall pay and deliver to Company such amounts as Customer concedes to be correct and, at any time thereafter within thirty (30) Days of the due date of such payment, shall furnish a good and sufficient surety bond in an amount and with surety satisfactory to Company, guaranteeing payment and delivery to Company of the amount ultimately found due upon such bills, including interest thereon, after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further receipts and withdrawals of Gas unless and until default be made in the conditions of such bond. As an alternative to posting a bond, Customer may pay the portion of any amount in dispute which if it is ultimately determined to be incorrect, such amount shall be refunded by Company to Customer together with interest thereon at a rate (which in no event shall be higher than the maximum allowed by law) equal to one and one-half percent (1.5%) per Month for a period from the date of payment to Company to the date of refund by Company.

7.3 Due Date and Payment. On or before the tenth (10th) business Day of each month Company shall mail, fax or e-mail to Customer an invoice evidencing the bill for services rendered to Customer under the executed Agreement during the preceding month. When Customer is in control of information required by Company to prepare invoices, Customer shall cause such information to be received by Company on or before the fifth business Day of the month immediately following the month to which the information applies.

(a) Payment by Wire Transfer. Payment to Company for services rendered during the preceding month shall be due 10 Days from the date the invoice for such service was issued by Company and shall be paid by Customer on or before such due date. Subject to the provisions of Article 7.3(b) below, Customer shall make such payment to Company by wire transfer in immediately available funds to a depository designated by Company. When the due date falls on a Day that the designated depository is not open in the normal course of business to receive Customer's payment, Customer shall cause such payment to be actually received by Company on or before the first business Day on which the designated depository is open after such due date.

(b) Payment Other Than by Wire Transfer. In the event in any month, that Customer does not make payment by wire transfer, then payment to Company for services rendered during the preceding month shall be due ten Days from the date the invoice for such service was issued by Company. Customer shall cause payment for such bill to be actually received on behalf of Company at a depository designated by Company, on or before such due date. When the due date falls on a Day that the

designated depository is not open in the normal course of business to receive Customer's payment, Customer shall cause such payment to be actually received on or before the last business Day on which the designated depository shall be set forth on each invoice presented to Customer.

ARTICLE VIII
Creditworthiness of Customer

- 8.1 For existing facilities, Company shall not be required to initiate service on behalf of any Customer or provide service or to continue service for any Customer who is or has become insolvent or who, at Company's request, fails within a commercially reasonable time to demonstrate creditworthiness as determined by the Company in its reasonable discretion; provided, however, Customer may receive service if Customer furnishes good and sufficient security as determined by Company in its reasonable discretion. Unless otherwise agreed to in a Service Order, if Company has reasonable grounds for insecurity regarding the ability of Customer to perform its obligations, Company shall require Adequate Assurance of Performance and Customer shall have three (3) business days to provide such Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in a form, amount, for a term and from an issuer all as reasonably acceptable to Company, including cash, prepayment, a standby irrevocable letter of credit or a guaranty. Upon Company's request for Adequate Assurance of Performance, Customer shall have three (3) business days to provide such Adequate Assurance of Performance as described above. If Customer fails to provide the requested Adequate Assurance of Performance within such three (3) business day period, then Company may suspend services to Customer upon providing an additional three (3) business days' notice. For the purpose of this article, the insolvency of a Customer shall be evidenced by the filing by Customer, or any parent entity thereof, of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction over the premises adjudging Customer bankrupt or insolvent or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition or in respect of the Customer under the Federal Bankruptcy Act or any other applicable federal or state law or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Customer or of any substantial part of its property or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.
- 8.2 In the event that Company agrees to construct new facilities or to expand or extend its existing facilities, Company may require additional Adequate Assurance of Performance in a form, amount, for a term and from an issuer all as reasonably acceptable to Company and as agreed to by the Parties in a Service Order.

ARTICLE IX
Facilities

9.1 Facilities. The measurement and appurtenant facilities required at the Point(s) of Receipt and Delivery shall be installed, owned, operated and maintained by Company, unless otherwise specified in the Agreement. It is understood and agreed that Customer has only the right to the service being rendered by the Company. All equipment, including (but not in any way limited thereto) all pipe, valves, fittings, and meters, comprising the Systems and all other property and capacity rights and interests, shall at all times during the term of the Agreement remain the property of Company. Customer agrees not to cause or permit any liens or encumbrances to be filed with respect to the Systems or by reason of Customer's actions. Customer's Gas shall at all times remain the property of Customer and Company shall have no right or property interest therein, except as otherwise provided in an Agreement.

- (a) Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Systems. Customer shall make no alterations, additions, or repairs to or on the Systems, provided, however, Customer shall be temporarily excused from its obligations hereunder during any period of curtailment or suspension for the period of any such suspension of deliveries, if service to Customer is curtailed or suspended for more than twenty-four (24) consecutive hours. Notwithstanding the foregoing, the Company agrees not to remove the service line to Customer and related tap added to provide service to Customer.
- (b) Customer agrees not to connect or cause the connection of any third party to the Systems for any purpose without the express written approval and consent of Company to be granted in Company's sole discretion. If Customer breaches this condition, Company shall have the right and option, notwithstanding any other provision of the Agreement or the SOC, to terminate the Agreement, including the Exhibits thereto immediately and without further obligation to Customer.
- (c) Company presently is rendering service to third parties on the Systems and shall have the right in the future to render additional service for such purposes and to render service to additional third parties as it may desire, and Company shall have the right to make additional connections to the Systems as may be required to serve presently existing and new customers.
- (d) Company shall own any and all liquids, which are recovered from the Systems and may use, sell or transfer all liquids without having to account in any manner, or pay any monies or other consideration to Customer. Company agrees to receive and deliver thermally equivalent volumes of Natural Gas in connection with such service less the applicable Fuel Use

and Line Loss quantity.

- (e) Unless Company so agrees, Company will not be obligated to provide service if it requires the construction or modification of facilities.

9.2 Inspection. Each Party shall at all reasonable times have access to the premises of the Party operating the facilities at the Point(s) of Receipt and Delivery, insofar as such premises are connected with any matter or thing covered hereby, for inspection, operation, installation, removal, repair and testing of equipment, but the operation of measuring equipment and changing of charts, if chart recording equipment is installed, shall be done only by the Party operating said equipment at the Point(s) of Receipt and Delivery.

ARTICLE X **Governmental Regulations**

10.1 General. This SOC, any Agreement and all operations hereunder are subject to all valid orders, laws rules and regulations of duly constituted State and Federal governmental authorities and agencies having jurisdiction or control over the Parties, their facilities or Gas supplies, the Agreement, or any provision hereof. If at any time during the term of the Agreement any such governmental authority shall take any action as to any Party whereby the delivery and receipt of Gas, as contemplated herein, shall be proscribed or subjected to terms, conditions, restraints, or regulations, including rate or price controls or ceilings, that are burdensome to that Party, such determination to be made by the affected Party in its reasonable discretion, the Agreement shall be modified to the minimum extent possible so as to comply with such orders, laws, rules and regulations except for Article 10.3 below.

10.2 Filings. Company shall file all necessary reports and/or notices required by the RRC, and Customer shall provide Company with any necessary compliance information requested by Company in connection with preparing such reports.

10.3 Right of Termination. Company may cancel the Agreement within seven (7) Days of Customer's receipt of Company's written notice to cancel if, at any time any governmental or regulatory authority or official having or asserting jurisdiction takes any action which, in the reasonable judgment of Company, is unduly overly burdensome; provided, however, that (i) Company may cancel the Agreement without further liability there under, other than the liability to discharge obligations theretofore accrued there under, and (ii) nothing contained herein shall preclude the Parties from renegotiating the Agreement if they so choose.

10.4 Customer's Warranty. Execution of the Agreement by Customer shall serve as a warranty to Company that neither it nor its designees will take any action with respect to the gas to be transported hereunder that will subject Company to the jurisdiction of the Federal Energy Regulatory Commission or any successor under

the Natural Gas Act of 1938. Customer will indemnify Company and save it harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees) and regulatory proceedings arising from breach of this warranty.

ARTICLE XI
Priority of Transportation Service

11.1 Priorities of Service. If, for whatever reason, Company is unable to transport all quantities of gas nominated by Customer under the Agreement, Company shall interrupt service thereunder in whole or in part on all or such portions of Company's System as may be necessary, in Company's sole discretion subject to applicable laws; provided, however, that Company will act as a reasonably prudent pipeline, subject to operating necessities to interrupt service (on that portion or portions of its System where such interruption is required) in accordance with the following schedule of priorities, beginning with the last service to be interrupted and continuing in order as necessary to the first service to be interrupted:

(a) Firm Transportation service

In the event that the Company, from time to time, does not have sufficient capacity available to accommodate all nominations through specific receipt point(s), specific delivery point(s), specific compression stations, and/or specific segments of Company's System, interruption of firm service will be pro rata, or as otherwise may be required by applicable regulations or orders of a governmental or regulatory authority having jurisdiction over the services provided hereunder.

(b) Interruptible Transportation service

Within priority (b), interruption shall be administered so that service under the lowest valued contract is interrupted first and service under the highest valued contract is interrupted last.

Company reserves the right to issue an Operational Flow Order to alleviate conditions, inter alia, which threaten the safe operations or System integrity of the Company's System or to maintain operations required to provide efficient and reliable service. Curtailment and interruption of service may be ordered by the Company at any time if, in Company's reasonable judgment, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes, the conduct of which will occasion interruptions, upon such notice as is reasonable under the circumstances.

11.2 Rate of Flow. Company shall receive and deliver Gas hereunder as nearly as practicable at uniform hourly and daily rates of flow, except as may be set forth on a Service Order. It is recognized that it may be physically impracticable,

because of measurement, Gas control limitations and other operating conditions, to stay in zero (0) imbalance each hour and each Day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, week, or month, then Company and Customer shall adjust receipts and/or deliveries such that the difference between the quantities received and delivered shall be as near to zero (0) imbalance as practicable.

- 11.3 Customer shall exercise reasonable efforts to deliver to the applicable System the MMBTU of Gas that Company is to deliver from the applicable System to Customer during any particular hour, Day, week and month, including but not limited to volumes needed for peak Day usage by Customer's customers.

If pursuant to the foregoing Company curtails or temporarily discontinues the receipt or delivery of Gas hereunder, Customer agrees to hold Company harmless from any loss, claim, damage, or expense that Customer may incur by reason of such curtailment or discontinuance. Company's rendering of service hereunder shall not obligate Company in any manner beyond the terms of the Agreement and the Exhibits attached thereto.

ARTICLE XII
Possession and Odorization of Gas

- 12.1 As between Customer and Company, Company shall be deemed to be in exclusive control and possession of the gas and responsible for any damages, injuries or deaths caused thereby after receipt of such gas at the Point(s) of Receipt until the same shall have been delivered to Customer at the Point(s) of Delivery. Furthermore, as between Customer and Company, Customer shall be deemed to be in exclusive control and possession of the gas and responsible for any damages, injuries or deaths caused thereby prior to delivery of such gas to Company at the Point(s) of Receipt and after such gas shall have been delivered to Customer at the Point(s) of Delivery. Company shall not take title to gas in Company's facilities merely by receipt of such gas from Customer.
- 12.2 Customer is responsible for odorizing any part of the Gas delivered hereunder at the Point(s) of Delivery, which is diverted and/or used for any purpose for which odorization is required pursuant to applicable regulations.

ARTICLE XIII
Title to and Responsibility for Gas

- 13.1 Customer warrants title to all Gas delivered by it into the Systems hereunder, and Customer warrants and represents that it has the right to deliver the Gas hereunder, and that such Gas is free from liens and adverse claims of every kind. Customer agrees to defend, indemnify and save Company harmless from and against all loss, damage, claims, and expense of every character with respect to

Gas delivered by it on account of royalties, Taxes, payments, liens, or other charges or claims arising (1) before or created upon delivery of said Gas into the Systems, and (2) upon and after delivery of said Gas from the Systems to or for the account of Customer.

- 13.2 As between the parties hereto, Customer or its supplier shall be deemed to be in the exclusive control and possession of the Gas until such Gas has been delivered to Company at the Point(s) of Receipt, and after its withdrawal by or for the account of Customer at the Point(s) of Delivery. After Customer's or Customer's suppliers' delivery of such Gas at the Point(s) of Receipt, Company shall thereafter be deemed to be in the exclusive control and possession of such Gas until its withdrawal by Customer at the Point(s) of Delivery. The Party that shall be in the exclusive control and possession of such Gas shall be responsible for all injury or damage caused thereby and shall be responsible for any loss of Gas while in its possession, except with regard to injury, damage or loss caused by or arising out of the negligence of the non-possessory Party.
- 13.3 The Systems shall at all times remain the property of Company, and Customer shall have no right or property interest therein but only the right for the service to be rendered.

ARTICLE XIV
Force Majeure

- 14.1 In the event either Party is rendered unable wholly or in part by force majeure to carry out its obligations under the Agreement, other than to make payments due there under, it is agreed that on such Party giving notice and full particulars of such force majeure in writing to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the noticing Party, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.
- 14.2 The term "force majeure" as employed herein shall include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water, washouts or other natural disasters, threat of physical harm or damage resulting in the evacuation or shut down of facilities necessary for the production or delivery or receipt or use of gas, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe or facilities in which the gas is used, the necessity for testing or for making repairs or alterations to wells, machinery, facilities or lines of pipe through which the gas is moved, or freezing of wells or lines of pipe or facilities through which the gas is moved or in which the gas is used, partial or entire failure of wells, processing, gathering or Transportation facilities or gasification and gas manufacturing facilities or facilities in which the gas is used, the orders of any court or governmental authority or agency having or asserting jurisdiction or the refusal or withdrawal of any necessary order, certificate or

permit by any court or governmental authority or agency having or asserting jurisdiction, any acts or omissions (including, without limitation, failure to take, transport or deliver gas) of a transporter of gas to or for Company or Customer, and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. Such term shall likewise include, (a) in those instances where either Party is required to obtain servitudes, rights-of-way grants, permits, certificates or licenses to enable such Party to fulfill its obligations under the Agreement, the inability of such Party to acquire or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or certificates or licenses, and (b) in those instances where either Party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental agency to enable such Party to fulfill its obligations under the Agreement, the inability of such Party to acquire or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

- 14.3 The Parties agree that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing person when such course is inadvisable in the discretion of the Party having the difficulty.
- 14.4 Either Party may partially or entirely interrupt its performance under the Agreement for the purpose of making necessary or desirable inspections, alterations and repairs, but only for such time as may be reasonable and unavoidable; and that Party requiring such relief shall give to the other Party reasonable notice of its intention to suspend its performance there under, except in cases of emergency where such notice is impracticable and shall endeavor to arrange such interruption so as to inconvenience the other Party as little as possible.

ARTICLE XV
Scheduling and Nominations of Gas

- 15.1 Customer shall advise (in a method and format supplied by the Company to its Customers) Company with respect to each Day, week and month the name of each supplier with whom it has a contract on Company's System (and the name of the individual with such suppliers responsible for Customer's account), which source of supply is delivered to Company from each source of supply (i.e., each well, plant, or other desired Point(s) of Receipt) and the anticipated deliveries at each Point(s) of Delivery, Customer's nomination shall be in good faith and shall be based on Customer's reasonable efforts to estimate usage for that next Day, week and month. Customer shall not intentionally nominate more or less Gas than is needed by Customer, except as may be needed for balancing purposes. If during a month, Customer's other supplies are renominated or reallocated, if

Customer's operations are modified in any manner or if it appears that the original nominations were incorrect, the Customer shall immediately renominate to Company during such month, but in no event shall such renomination exceed any maximum limitations established by the Parties. At intervals reasonably required by Company, Customer shall be obligated to furnish Company with schedules showing the daily MMBTU of Gas Customer desires to deliver at each Point(s) of Receipt. Company may, upon reasonable notice to Customer, from time to time modify its nomination requirements and nomination deadlines as needed to meet operational requirements or to conform to common industry practices and procedures.

- (a) Receipt and delivery nominations received from Customer shall be made available to point operators for their confirmation to deliver or receive such nominated Gas flow volumes, point operator may confirm and schedule nominations at the lesser of the nominated volume or the volume of gas available for delivery as determined by the point operator. If no communication is received from the point operator, nominations stand as confirmed.
- (b) Prior to the start of the flow Day, for which nominations are made by Customer, Company will confirm to Customer the amount scheduled for delivery for such Day.
- (c) The standard nominations shall be made as follows:
 - (1) The Timely Nomination Cycle: 11:30 a.m. for nominations leaving control of the nomination party; 11:45 a.m. for receipt of nominations by the Company (including from Title Transfer Tracking Service Providers (TTTSPs)); noon to post to Company's System; 3:30 p.m. for receipt of completed confirmations by Company from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by shipper and point operator (central clock time on the Day prior to flow).
 - (2) The Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nomination party; 6:15 p.m. for receipt of nominations by Company (including from TTTSPs); 6:30 p.m. to post to Company's System; 9:00 p.m. for receipt of completed confirmations by Company from upstream and downstream connected parties; 10:00 p.m. for Company to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the Day prior to flow). Scheduled quantities resulting from an Evening Nomination that does not cause another shipper on Company to receive notice that it is being bumped should be effective at 9:00 a.m. on the gas Day; and when an Evening Nomination causes another shipper to receive notice that it is being bumped, the scheduled quantities should be effective at

9:00 a.m. on the gas Day.

- (3) The Intraday 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nomination party; 10:15 a.m. for receipt of nominations by the Company (including from TTTSPs); 10:30 a.m. to post to Company's System; 1:00 p.m. for receipt of completed confirmations by Company from upstream and downstream connected parties; 2:00 p.m. for Company to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the gas Day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on the gas Day.
- (4) The Intraday 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by the Company (including from TTTSPs); 5:30 p.m. to post to Company's System; 8:00 p.m. for receipt of completed confirmations by Company from upstream and downstream connected parties; 9:00 p.m. for Company to provide scheduled quantities to affected shippers and point operators (central clock time on the gas Day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on the gas Day. Bumping is not allowed during the Intraday 2 Nomination Cycle.

15.2 The Party performing the measurement function shall make scheduling of Point(s) of Receipt or Point(s) of Delivery. In the event of curtailment the following priority shall be applied:

- (a) Firm Transportation Service
- (b) For Interruptible Service, highest economic value as determined by the Company in its sole judgment,
- (c) For Interruptible Service if the same economic value exists between Customers, scheduling shall be on a Pro Rata basis. Rescheduling of service to alter the economic order of scheduling after the schedule has been issued will not be permitted.

15.3 Customer's Gas shall be delivered to Customer at the Point(s) of Delivery, To the extent that Customer's acts or omissions cause Company to incur, directly or indirectly, fees, charges, expenses, or penalties from a supplier or a transporter of Gas to Company for failure to satisfy such supplier's or transporter's balancing or nomination requirements, then Customer agrees to reimburse Company for such fees, charges, expenses, or penalties, and defend, indemnify, and hold Company harmless with respect thereto.

15.4 The Point(s) of Receipt and Point(s) of Delivery may be, or may later become

points through which other quantities of gas are being measured; therefore, the measurement of gas under the Agreement may involve the allocation of Gas deliveries. In such event, each Party hereto will furnish, or cause to be furnished, to the extent the information is available, to the other Party all data required to accurately account for all Gas.

- 15.5 In no event shall Company be required to accept a request for service for a quantity of Gas, which Company cannot meter with reasonable accuracy at the Point(s) of Receipt or Delivery. If Customer's request for service involves a quantity, which Company cannot meter with reasonable accuracy at the requested Point(s) of Receipt or Delivery, Company will promptly so inform Customer and advise Customer of the quantity that can be metered with reasonable accuracy at the proposed Point(s) of Receipt and Delivery.
- 15.6 Customer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where Natural Gas is delivered to Company by Customer or for Customer's account, and downstream of the Point(s) of Delivery where Natural Gas is to be delivered by Company to or for the account of Customer, which arrangements shall be compatible with Company's System operations and coordinated with Company's Gas control department.
- 15.7 Company shall not be required to render service on behalf of Customer in the event that all facilities necessary to render such services do not exist at the time such service is scheduled to begin.
- 15.8 Company shall not be required to provide service if Company or any of its other Customers will be required to purchase new quantities of Gas from any source or to increase purchases from existing suppliers in order to render such service.
- 15.9 Company shall not be required to acquire, construct, install, operate, modify, maintain, continue in existence or ownership of, or rearrange any facilities specifically applicable to an individual Customer in order to provide any service. Company may, in its reasonable discretion, and with the agreement of the Customer, agree to acquire, construct, install, operate, modify or rearrange any such necessary facilities, subject to the provisions hereof, in order to provide service. Company's determination as to the maintenance or continued maintenance, existence or ownership of any facility shall be made in Company's reasonable discretion on a non-discriminatory basis. In the event Company agrees to acquire, construct, install, operate, modify or rearrange facilities, then Company shall have the right to condition its agreement to so acquire, construct, install, operate, modify or rearrange their facilities by requiring that Customer bear and/or pay Company for all or part of costs associated with the acquisition, installation, construction, modification, operation, and rearrangement of such facilities.
- 15.10 Should any litigation be commenced between the Company and Customer concerning any provision of the Agreement or the rights and duties hereunder, the Party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in such proceeding, to a reasonable sum as and for its attorney's fees in such litigation or in a separate action for such purpose.

ARTICLE XVI

Term

- 16.1 In the event the Agreement does not provide for a term, the Agreement shall become effective on the date of its execution and shall remain in full force and effect through the end of the calendar month in which the Agreement was executed, and thereafter for successive periods of one (1) month unless canceled by either Party by providing to the other Party written notice of such cancellation not less than ten (10) Days prior to the end of a calendar month.

ARTICLE XVII

Miscellaneous

- 17.1 (a) Any modification of terms, or amendment of any provisions hereof, shall become effective only by supplemental written agreement between the Parties.
- (b) Any of the following events or conditions shall constitute a default of Customer under the Agreement:
- (1) Default in the delivery of any payment or any sums hereunder for a period of thirty (30) Day after the same becomes due, provided such sums are not disputed by Customer pursuant to and in accordance with Article 7.2 hereof;
 - (2) Any other breach of the material terms and conditions of the Agreement and the failure of Customer to cure such breach within thirty (30) Days after written demand by Company or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) Day period, provided that Customer shall have commenced such cure within such thirty (30) Day period and thereafter diligently continues its efforts to cure such breach until such breach shall have been fully cured;
 - (3) Customer shall apply (a) for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (b) make a general assignment for the benefit of its creditors, (c) commence a voluntary case under the Federal Bankruptcy Code, or (d) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Customer;
 - (4) A proceeding or case shall be commenced, without the application or consent of the affected Party, in any court of competent jurisdiction, seeking (a) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Customer (b) the appointment of a trustee, receiver, liquidator or custodian of such Party or of all or substantially all of its assets, or (c) similar relief under any law relating to bankruptcy or insolvency, and such

proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) Days; or

- (5) If any certificate, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.

17.2 Upon the happening of any event of default as set forth in subparagraph 17.1 (b) above. Company shall have the right to do any one of more of the following without demand or notice of any kind:

- (a) Declare due, sue for, and receive from Customer the sum of all payments and all other amounts due and owing under the Agreement plus the sum of all payments and other amounts to become payable during the balance of the Agreement;
- (b) Terminate the Agreement and any Service Order related thereto, and the Exhibits;
- (c) Pursue any other remedy at law or in equity.

17.3 Any of the following events or conditions shall constitute an Event of Default with respect to Company under the Agreement:

- (a) Company's breach of any material term or condition of the Agreement and the failure of Company to cure such breach within thirty (30) Days after written demand by Customer or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) Day period, provided that Company shall have commenced such cure within such thirty (30) Day period and thereafter diligently continues its efforts to cure such breach until such breach shall have been fully cured.
- (b) Company shall apply (a) for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (b) make a general assignment for the benefit of its creditors, (c) commence a voluntary case under the Federal Bankruptcy Code, or (d) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Customer; or
- (c) A proceeding or case shall be commenced, without the application or consent of the affected Party, in any court of competent jurisdiction, seeking (a) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Customer (b) the appointment of a trustee, receiver, liquidator or custodian of such Party or of all or substantially all of its assets, or (c) similar relief under any law relating to bankruptcy or insolvency, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of

the foregoing shall be entered and continue unstayed, for a period of ninety (90) Days; or

17.4 Upon the happening of any event of default as set forth in subparagraph 17.3(a) above, Customer shall have the right to do any one or more of the following without demand or notice of any kind:

(a) Declare due, sue for, and receive from Company the sum of all outstanding credits and other amounts due and owing under the Agreement;

(b) If an event of default as set forth in subparagraph 17.3(a) has not been cured within the time periods described above and to the extent such event of default prevents Company from providing firm service to Customer and such event of default is the result of action or inaction within the reasonable control of Company, then the monthly demand fee payment as set forth in Article III shall be reduced by an amount equal to the product of the applicable daily demand rate per dekatherm and the difference between the quantity nominated by Customer and the actual quantity tendered and delivered or received at the applicable delivery point. Notwithstanding, Customer shall not receive a monthly demand fee credit to the extent Company and Customer agree to an alternate means of satisfying Customer's nomination.

(c) Pursue any other remedy at law or in equity.

17.5 The rights granted to Company and Customer hereunder shall be cumulative as to each, and action on one shall not be deemed to constitute an election or waiver of any other right to which Company or Customer may be entitled.

17.6 Upon the termination of the Agreement, whether by lapse of time or otherwise, Customer will surrender any and all rights in the Systems immediately.

(a) Company shall not be liable to Customer by reason of the failure of Company to deliver, or the Customer to receive, Natural Gas when Customer has been notified of such failure and repairs, maintenance, rebuilding, expansion, reduction, changes, or adjustment causes such failure in the System or in Company's equipment and facilities. Company will cooperate with Customer in the timing of repairs, maintenance, rebuilding, expansion, reduction, changes and adjustments to the System to cause least impact to both Parties.

(b) No waiver by Company or Customer of any default or the other under the Agreement shall operate as a waiver of any future default, whether of a like or different character.

17.7 Assignment, Choice of Law and Venue

(a) Except for a collateral assignment by the Company or its successors and assigns of its interests under a Service Agreement in connection with any

financing or refinancing of the Company, and unless otherwise agreed by the Parties in the Service Order with respect to the rights of the Customer, neither Party may sell, assign, pledge or otherwise transfer any portion of its rights and obligations provided for in the Service Agreement without the express prior written consent of the non-assigning Party; provided, however, that either Party may assign all of its rights and obligations under a Service Agreement to a direct or indirect wholly-owned affiliate without such written consent by providing written notice of such assignment to the non-assigning Party; provided, however, the assignor shall remain liable for all of its obligations hereunder notwithstanding such a permitted assignment. For any collateral assignment by the Company permitted by this Agreement in connection with any financing or refinancing of its facilities, Customer shall enter into a consent and agreement as reasonably required by the financial institutions providing such financing or refinancing (or their agent), which consent and agreement shall include customary cure and step-in rights (including customary extensions of applicable cure periods), and customary provisions to enter into a replacement contract in the event of a bankruptcy.

- (b) The Agreement shall be interpreted under the laws of the state of Texas, excluding any law thereof directing the application of laws of another jurisdiction, and jurisdiction and venue shall be in a court in Houston, Texas.

17.8 Informal Resolution. Customer is first encouraged to work with Company to resolve problems on an informal basis prior to filing a formal complaint.

17.9 Formal Resolution. In the event of an unresolved problem, Customer should submit a complaint in writing to the Company at the following address:

Roadrunner Gas Transmission, LLC
100 West 5th Street
Tulsa, Oklahoma 74103
Attention: Phill May, Vice President – Natural Gas Pipelines
phill.may@oneok.com

The complaint should contain sufficient facts to identify the specific Transportation and/or problem involved and an explanation of why, in the Customer' opinion, the situation gave rise to the complaint. Such complaint shall state that it constitutes a complaint pursuant to the procedure.

- (a) Response Period. The Company shall respond to all complaints in writing within thirty (30) Days of the date the Company received the complaint.
- (b) Additional Review. If the complaint is not resolved to the Customer's satisfaction, the Customer may request formal review by the Company's Vice President.

- 17.10 Mediation. Unless otherwise agreed by the Parties in the Service Order, for any dispute arising out of or relating to this Agreement for which a claim or demand is asserted that is equal to or exceeds a value of \$25,000 (“**Dispute**”) the Parties shall endeavor to settle any such Dispute by confidential mediation under the CPR Mediation Procedure then currently in effect. Unless otherwise agreed, the Parties shall select a mediator from the CPR Panels of Distinguished Neutrals within sixty (60) days after the delivery of the initial notice of negotiation. The cost of conducting the mediation, including the fees and expenses of any mediators, as well as any expenses from the CPR Institute for Dispute Resolution, shall be shared equally by the Parties, and each Party shall bear its own costs, including any attorneys’ fees or other expenses incurred in the process. Each Party is required to continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement, unless to do so would be impossible or impracticable under the circumstances. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified herein are pending. All mediators shall have at least ten (10) years’ experience in the natural gas industry
- 17.11 LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR ANY CHARACTER, INCLUDING BUT NOT LIMITED TO LOSS OF USE, LOST PROFITS (PAST AND FUTURE), ADDITIONAL OUT OF POCKET EXPENSES INCURRED BY EITHER PARTY, OR TORT, CONTRACT OR OTHER CLAIMS RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENTAL TO ANY ACT OR OMISSION OF EITHER PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER REMEDY AT LAW OR EQUITY.
- 17.12 Conflict. In the event of a conflict between the terms and conditions of the Transportation Agreement or Gas Service Agreement this SOC or the Service Order, the documents shall govern in the following order of priority: (i) the Service Order; (ii) the SOC; (iii) the Transportation Agreement or Gas Service Agreement.