

**ONEOK TEXAS GAS STORAGE, L.L.C.
STATEMENT OF OPERATING CONDITIONS**

**ARTICLE 1
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 "Affiliate" shall mean any person, entity, or business section, or division that directly or through one or more intermediaries' controls, is controlled by, or is under common control with the entity in question. Control includes, the possession, directly or indirectly, and whether acting alone or in conjunction with others, of the authority to direct a direction of the management or policies of a person or entity. Control may be exercised through management, ownership of voting securities or other right to vote, by contract or otherwise.
- 1.2 "Btu" shall mean British thermal unit. 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 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under standard pressure conditions. Btu shall be computed on a temperature base of sixty degrees (60°) Fahrenheit and a pressure base of fourteen and seventy-three hundredths (14.73) psia and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.
- 1.3 "Company" shall mean ONEOK Texas Gas Storage, L.L.C., a Delaware limited liability company, providing intrastate storage service under the regulatory jurisdiction of the Railroad Commission of Texas.
- 1.4 "Customer" shall mean the person or entity that has executed a Service Agreement with Company for the Service rendered under such Service Agreement or, as the context may require, any person or entity requesting Service hereunder.
- 1.5 "Day" or "Gas Day" shall mean a period of twenty-four (24) consecutive hours commencing and ending at 9:00 a.m. (Central Clock Time), or as may be changed by Company to be consistent with any industry changes in the start of the Gas Day.
- 1.6 "Dekatherm or "Dth" shall mean one million Btu's.
- 1.7 "Effective Date" shall mean the date specified in the Service Agreement.
- 1.8 "Equivalent Quantity" shall mean those Dekatherms of natural Gas to be made available during any period of time to or on behalf of the Customer (Withdrawal Quantity) at one or more Point(s) of Delivery, which Dekatherms shall be the thermal equivalent of the Injected 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 and Use Quantity.

- 1.9 "Firm" or "Firm Service" shall mean storage service that has a higher priority than interruptible storage service as described in Article 4 and requires the payment of a reservation fee whether or not Customer utilizes the storage service.
- 1.10 "Fuel Reimbursement Percentage" shall be the applicable percentage as set forth in the Service Order, as agreed to by Company and Customer. The percentage is multiplied by the Injected Quantity.
- 1.11 "Fuel and Use Quantity" shall be equal to the product of the applicable Fuel Reimbursement Percentage and the Injected Quantity.
- 1.12 "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 thereof.
- 1.13 "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 14.73 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 seven (7) 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.
- 1.14 "Hour" shall mean a one hour period commencing at the start of a given hour within the Day and ending 60 minutes later within the Day.
- 1.15 "Injected Quantity" shall mean the quantity of Gas received into the Storage System by or on behalf of Customer.
- 1.16 "Injection Period" shall mean that period of time in which gas may be injected by Customer into the Storage System, as set forth on the Service Order.
- 1.17 "Interruptible" or "Interruptible Service" shall mean Service that is subject to interruption at any time by Company, without liability as set forth herein.
- 1.18 "Maximum Monthly Injection Quantity" or "MMIQ" shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injections into the Storage System during any Month, as set forth on the Service Order.
- 1.19 "Maximum Monthly Withdrawal Quantity" or "MMWQ" shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any Month,

as set forth on the Service Order.

- 1.20 "Maximum Daily Injection Quantity" or "MDIQ" shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injections into the Storage System in any one Day, as set forth on the Service Order.
- 1.21 "Maximum Daily Withdrawal Quantity" or "MDWQ" shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any one Day, as set forth on the Service Order.
- 1.22 "Maximum Hourly Injection Quantity" or "MHIQ" shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injection into the Storage System in any Hour, as set forth on the Service Order.
- 1.23 "Maximum Hourly Withdrawal Quantity" or "MHWQ" shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any one Hour, as set forth on the Service Order.
- 1.24 "Maximum Quantities" shall mean the maximum amount of Dekatherms of Gas that Customer may inject, store or withdraw as set forth in its Service Order and includes all such quantities listed including the MMIQ, MMWQ, MDIQ, MDWQ, MHIQ, MHWQ and MSQ.
- 1.25 "Maximum Storage Quantity" or "MSQ" shall mean the maximum amount of Dekatherms of Gas that Customer may store in the Storage System at any one time, as set forth on the Service Order.
- 1.26 "Mcf" shall mean one thousand (1,000) cubic feet of Gas.
- 1.27 "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 referred to.
- 1.28 "Nomination" shall mean a request for Service at a specified time, date, quantity and rate at the Point(s) of Receipt and Delivery.
- 1.29 "OFO Period" shall mean the period of time in which an OFO is in effect.
- 1.30 "Operational Flow Order" or "OFO" shall mean the issuance of notice that physical flows of gas at each Point of Receipt must balance the confirmed or scheduled flows at each such Point of Receipt and the physical flows of gas at each Point of Delivery must balance the confirmed or scheduled flows at each such Point of Delivery, via the telephone or electronic means, which are intended to alleviate conditions which threaten or could threaten the safe operations or system integrity of the Company's Systems, or which are required to maintain efficient and reliable Service.
- 1.31 "Party" shall mean Customer or Company and the term "Parties" shall mean Customer and Company.

- 1.32 "Person" shall mean an individual, a corporation, voluntary association, joint stock company, business trust, partnership or other entity.
- 1.33 "Point(s) of Delivery" or "Point(s) of Withdrawal" shall mean the point or points where Gas is delivered from the System 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 Service Agreement and the Exhibits attached thereto, including, without limitation, nominations, balancing, Gas quality, delivery pressure and force majeure.
- 1.34 "Point(s) of Receipt" or "Point(s) of Injection" shall mean the point or points where Company shall receive Gas into the System from Customer, as described on the applicable Service Order.
- 1.35 "Point Operator" shall mean the entity or entities that operate, confirm scheduled quantities or provide Gas to the Point(s) of Receipt or Delivery.
- 1.36 "Pro Rata Share" shall mean the ratio that the quantity of Gas scheduled to be received or delivered, as appropriate, by the Company; from or for the account of the Customer, bears to the total quantity of Gas scheduled to be received or delivered, as appropriate, by the Company from or for the account of all Customers for Service in the applicable System during any given time period (hour, day, month, year). Gas scheduled to be received shall be used at the Point(s) of Receipt and Gas scheduled to be delivered shall be used at the Point(s) of Delivery to determine the applicable Pro Rata Share.
- 1.37 "Psia" shall mean pounds per square inch, absolute.
- 1.38 "Psig" shall mean pounds per square inch, gauge.
- 1.39 "Service Agreement" or "Agreement" shall mean the agreement for the storage of gas to which the Statement of Operating Conditions ("SOC") is attached.
- 1.40 "Service Order" or "Service Orders" 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.
- 1.41 "Storage Service" or "Service" shall consist of: (i) the receipt and injection of Gas into storage, (ii) the storage of gas, and (iii) the withdrawal and delivery of Gas for the account of Customer.
- 1.42 "Storage System" or "Storage" shall mean the underground natural or manmade facilities operated by Company to store natural Gas.
- 1.43 "System or Systems" shall mean the storage facilities and related equipment located in the State of Texas, including but not limited to the compressors, regulators, meters and support facilities.
- 1.44 "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 related to the provisioning of Service hereunder, including, but not limited to, transporting, handling, parking, lending 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.

- 1.45 "Transportation" shall mean the transmission of Gas, whether by exchange, backhaul or any other actual or constructive method or movement.
- 1.46 "Week" shall mean a period of seven (7) consecutive days beginning at 9:00 a.m. (Central Clock Time) on each Monday and ending at the same time on the next succeeding Monday.
- 1.47 "Withdrawal Period" shall mean that period of time in which gas shall be delivered by Company from the Storage System for Customer, as set forth on the Service Order.
- 1.48 "Withdrawal Quantity" shall mean the quantity of Gas delivered from the Storage System by or on behalf of Customer, as set forth on the Service Order.
- 1.49 "Year" shall mean a period of three hundred sixty- five (365) consecutive days, or three hundred sixty-six (366) consecutive days when such period includes a February 29.

ARTICLE 2

AVAILABILITY, QUANTITIES AND CHARACTER OF SERVICE PROVIDED

2.1 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. Storage Service is available to any Customer on a nondiscriminatory, open access basis, subject to the following limitations:

- (a) Company shall not be obligated to consider a request(s) for Service to the extent such request(s) exceeds the availability of its Storage System;
- (b) All requests for Service shall be made in writing or other electronic means acceptable to Company. Customer's request for Service must provide Company with all information necessary, as determined by Company in its reasonable discretion, for Company to evaluate such request for Service. Company shall evaluate each request upon receipt of all necessary information and all filing and reporting fees, if any required, are received by Company;
- (c) Customer and Company have executed a Service Agreement for the storage of gas, or have confirmed an existing Service Agreement to be consistent herewith; Company shall prepare a Service Order to evidence the agreement of the Parties to a particular transaction. Customer may evidence its agreement to the terms of the Service Order by signing and returning the Service Order to Company, or by making an affirmative nomination pursuant to that Service Order;
- (d) Gas is physically delivered to Company for storage hereunder;
- (e) Customer has a Gas supply and appropriate upstream and/or downstream

Transportation for such Gas with the effect that Customer will be able to actually and efficiently utilize the Storage Service;

- (f) Company has determined that such Storage Service can be provided without detriment to its existing storage customers or other operations;
- (g) 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;
- (h) Company, unless otherwise agreed, is not required to construct, modify, expand or acquire any facilities;
- (i) Each person and all of its affiliates shall be considered as one Customer for all purposes hereunder; and
- (j) Company shall not be obligated to consider requests for Service to the extent that a request for Service seeks Service in a manner inconsistent with this SOC.

2.2 Subject to the terms herein for Storage Services, Company agrees to accept, on each Day at each Point(s) of Receipt and/or Point(s) of Delivery designated in the Agreement, a quantity of gas as provided in such Agreement and which shall be referred to as the MDIQ or MDWQ.

- (a) Company may, in its sole discretion, accept or refuse quantities of gas tendered on any Day by Customer which are in excess of Customer's total MDIQ or Customer's MDIQ specified at each Point of Receipt. 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 total MDIQ or the MDIQ specified at each Point of Receipt will be provided on an Interruptible basis.
- (b) Company may, in its sole discretion, accept or refuse quantities of gas tendered on any Day by Customer which are in excess of Customer's total MDWQ or Customer's MDWQ specified at each Point of Delivery. 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 total MDWQ or the MDWQ specified at each Point of Delivery will be provided on an Interruptible basis.

2.3 It is recognized that Company has authority to negotiate and vary from customer to customer the terms and conditions and general provisions of the agreement, the Service Order(s), the rates and other charges, and each of the SOC, including but not limited to the fees to be charged thereunder, provided that similarly situated customers will be treated in a comparable manner.

2.4 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 and deliveries of Gas at the Point(s) of Receipt and/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.

2.5 If Customer delivers to the Storage System an amount of Gas in excess of the volume of Gas to be stored as set forth in the applicable Service Order, then the Parties shall negotiate and execute an additional Service Order covering such excess Gas.

- (a) If a new Service Order is not executed with respect to such Gas on or before three (3) business days following the determination of such excess Gas, then Company shall retain (without compensation to Customer) and take title to all such excess Gas as liquidated damages for such excess deliveries.
- (b) If Customer has delivered Gas to Company for storage hereunder and fails to nominate the delivery of Gas and withdraw its Gas from the Storage System if required in the applicable Service Order or at the expiration of the applicable Service Order, then Company at its option may retain (without compensation to Customer) and take title to all such Gas remaining in Storage after that date as liquidated damages for such failure to withdraw.
- (c) If the Gas, covered by a Service Order, shall first be withdrawn by the Customer from Storage with the requirement for Customer to subsequently redeliver such Gas to the Company and, then the Customer fails to redeliver such Gas to Company as required in the applicable Service Order for such deliveries of Gas, then, notwithstanding any other provision of the Service Agreement and this SOC, Customer shall pay to Company an amount equal to the Dekatherms of Gas that Customer has failed to redeliver in accordance with the applicable Service Order to Company times two (2) times the Index Price. The Index Price shall mean the highest of the *Gas Daily* Daily Midpoint prices reported by *Gas Daily (Houston Edition)* for Gas delivered in Texas into Waha at any time during the month in which Customer was required to redeliver but failed to redeliver such gas. Such amount shall be paid within ten (10) days after receipt of an invoice relating thereto by Customer. There shall be no credit or refund given with respect to any fees previously paid and Customer shall remain liable for all future fees with respect to the Service Order and this Service Agreement.
- (d) Company and Customer agree that the charges made and retainage of gas provided for in the foregoing paragraphs are in the nature of liquidated damages and as provided for herein are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages and each party waives the right to contest such charges or retainage of gas as an unreasonable penalty.

2.6 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 facilities 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 and/or Point(s) of 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 and/or Point(s) of 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 the operators of the interconnecting facilities at the Point(s) of Receipt and/or Point(s) of Delivery.

ARTICLE 3
RATES, RATE ELECTION, TAXES AND FEE REIMBURSEMENT

3.1 For a Firm Service, Customer shall pay the following to Company, as mutually agreed to and set forth on the applicable Service Order:

- (a) A Capacity Reservation Charge which shall be the product of (i) Customer's Maximum Storage Quantity as stated in the applicable Service Order and (ii) the rate per Dekatherm as stated in the applicable Service Order. The Capacity Reservation Charge is a Reservation Charge and shall be paid whether or not Customer utilizes the Storage Service.
- (b) A Withdrawal Charge which shall be the product of (i) Customer's Maximum Daily Withdrawal Quantity as stated in the applicable Service Order, and (ii) the rate per Dekatherm as stated in the applicable Service Order;
- (c) An Injection Charge which shall be the product of (i) the quantities received into storage during the applicable period, and (ii) the rate per Dekatherm as stated in the applicable Service Order.

3.2 For Interruptible Service, Customer shall pay the following to Company, as mutually agreed to and set forth on the applicable Service Order;

- (a) A Capacity Charge shall be the product of (i) Customer's highest quantities of Gas stored during the billing period and (ii) the rate per Dekatherm as stated in the applicable Service Order.
- (b) An Injection Charge shall be the product of (i) the quantities received into storage during the applicable period, and (ii) the rate per Dekatherm as stated in the applicable Service Order;
- (c) A Withdrawal Charge shall be the product of (i) the quantities delivered from storage during the applicable period, and (ii) the rate per Dekatherm as stated in the applicable Service Order determined between the Parties to the Agreement.

3.3 In addition to the amounts paid pursuant to Subsections 3.1 or 3.2 above, Customer shall also pay or deliver to Company the following:

- (a) Any other provision or charge which may be agreed to between Company and

Customer;

- (b) Fuel and Use Quantity; and
- (c) Except as provided below, Customer shall pay all applicable surcharges, fees, taxes, charges, and assessments imposed by or on behalf of any governmental entity in connection with the Service Agreement or in connection with the purchase, Transportation and disposition of Gas by or on behalf of Customer pursuant to the Service 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 assessments 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 obligations under this article.

3.4 Customer agrees to pay any amounts due pursuant to the Service Agreement and including this SOC and the applicable Service Order to Company within ten (10) days after receipt of an invoice from Company such payment to be made by wire transfer to the account designated by the Company in writing.

3.5 Should Customer fail to pay any amount or deliver any Gas due under any Service 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.

ARTICLE 4 **DELIVERY PRESSURES**

4.1 Customer shall deliver (or cause to be delivered) the Gas to the Systems at the Point(s) of Receipt at a pressure sufficient to effect injection into the Systems at that point. If necessary, Customer shall provide additional compression to make such injections hereunder, and Company

shall not have any cost or responsibility in that regard. Company shall not be obligated to accept Gas at pressures greater than the maximum allowable operating pressure for the Storage System facilities into which such Gas is flowing.

4.2 Subject to the provisions of Section 15.8, the Gas shall be delivered for Customer from the System at the Point(s) of Delivery at pressures sufficient to effect deliveries to Point Operator's facilities, but not to exceed the pressure that is available at such Point(s) of Delivery. Company shall not be required to compress Gas in order to make deliveries hereunder.

ARTICLE 5

MEASUREMENT AND TESTS

The measurement and tests for quality of Gas received and delivered hereunder shall be governed as follows:

5.1 The quantities of Gas received and delivered shall be measured by means of meters of standard type which conform to the American Gas Association Measurement Committee Reports and other industry standards as to construction and installation.

5.2 The unit of volume for purposes of measurement shall be one (1) cubic foot of Gas at a temperature base of sixty degrees (60°) Fahrenheit and at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute. The assumed atmospheric pressure shall be as nearly correct as possible for all locations in the state but shall not be less than 13.6 psia or greater than 14.5 psia.

5.3 Temperature shall be determined by a recording thermometer continuously used and installed according to Paragraph 5.1.

5.4 Specific gravity shall be determined with accuracy to the nearest one thousandth (.001) by use of an instrument that conforms to industry standards.

5.5 Whenever the conditions of pressure and temperature differ from the standards, conversion of the volumes from these conditions to the standard conditions shall be in accordance with the Ideal Gas Laws corrected for deviation from Boyle's Law, all to be in accordance with methods and tables set out in the American Gas Association Measurement Committee Reports, or by other accepted methods that may be used from time to time.

5.6 The heating value of the Gas shall be determined by means of a sampling method of general use in the Gas industry. The location of the sampling equipment shall be determined by Company in its sole discretion but shall be at a location where a representative sample of the Gas to which it applies may be taken.

5.7 Tests to determine total sulfur, hydrogen sulfide, oxygen, carbon dioxide, total inerts, and water vapor shall be made by approved standards methods in general use by the Gas industry. Such tests shall be made at the request of either Party hereto. If a test is performed at Customer's request and shows that the quality specifications as set forth in Section 6.1 hereof have been satisfied,

Customer shall pay all costs and expenses of Company related to such test. In all other instances costs and expenses of Company related to such tests shall be borne by the Company.

5.8 Except as otherwise provided, all measuring and testing equipment, housing devices, and materials shall be standard manufacture and type and shall, with all related equipment, appliances, and buildings, be owned, installed, maintained and operated or caused to be installed, maintained and operated by Company at the Point(s) of Receipt.

5.9 Electronic Flow Measurement ("EFM")

- (a) Company, at its sole discretion, may require an EFM device which transmits readings from the meter to the Company's facility via telephonic connection or other means.
- (b) Company shall own the EFM device (and all rights to the data and information produced thereby) and neither Customer nor any other Party shall have any right to repair, replace, modify, change or interconnect other equipment or facilities with such devices or provide third parties with information or data therefrom, without Company's prior written consent.
- (c) No meter fixtures or devices, nor any EFM reading device shall be installed on the Company's meter without the Company's prior written consent.
- (d) Company shall not be liable or responsible for the consequences of any utilization by Customer or any other party of information or data obtained from the EFM device, including, without limitation, any liability for direct, indirect, consequential, punitive or special damages, in tort or in contract.

5.10 The accuracy of the measuring and testing equipment shall be verified according to Company's standard for the device being used and at other reasonable times upon request of Customer or Company. Gas quality tests may be made at times of equipment testing or at other reasonable times. Unless a test is requested by Customer, notice of the time and nature of each test shall not be given by Company. If a test is requested by a Customer, then Company shall give Customer notice sufficiently in advance to permit Customer to have a representative present. Representatives of both Customer and Company may be present to observe such tests. The results of any such tests shall be considered accurate until the next tests are made. All tests of measuring equipment shall be made at Company's expense, except that Customer shall bear the expense of tests made at its request if the inaccuracy found is two percent (2%) or less.

5.11 If, at any time, any of the measuring or testing equipment is found to be out of service, or registering inaccurately of any percentage, it shall be adjusted at once to read accurately within the limits prescribed by the manufacturer. If such equipment is out of service or inaccurate by an amount exceeding two percent (2%) at a reading corresponding to the average rate of flow for the period since the last preceding test, the previous reading of such equipment shall be disregarded for any period definitely known or agreed upon, or if not so known or agreed upon, for a period of time equal to one-half of the elapsed time since the last test. The volume of Gas delivered during such period shall be estimated (i) by using the data recorded by any check measuring equipment if installed and accurately registering, or if not installed or registering accurately, (ii) by correcting

the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation, or if neither such method is feasible, (iii) by estimating the quantity or quality delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately. No adjustment shall be made for recorded inaccuracies of two percent (2%) or less.

5.12 The parties hereto shall have the right to inspect equipment installed or furnished by the other or third-party operators and the charts and other measurement or testing data of all such Parties at all times during business hours; but the reading, calibration, and adjustment of such equipment and changing of charts shall be done only by the Party installing and furnishing the same. The Parties hereto shall preserve all original test data, charts, and other similar records in such Party's possession for a period of at least twenty-four (24) months.

5.13 At every Point(s) of Receipt and every Point(s) of Delivery, the Party having control over such facility shall allow the other Party immediate access to the receipt and delivery information as it is generated by the Party having such control. With respect to all Point(s) of Receipt and Point(s) of Delivery that have electronic flow measurement, both Parties may have remote telephone and electronic access to the receipt and delivery information generated at such Point(s) of Receipt and Point(s) of Delivery.

ARTICLE 6 **QUALITY OF GAS**

6.1 Gas delivered by and to Customer shall be commercially free of dust, gums, gum-forming constituents, gasoline, water, and any other substance that may become separated from the Gas during the handling hereof. All Gas received shall conform to the following additional specifications:

- (a) Contain not more than one-quarter (1/4) grain of hydrogen sulfide per 100 cubic feet, as determined by a method generally acceptable for use in the Gas industry;
- (b) Shall not contain more than three-quarters (3/4) grains of mercaptans per one hundred (100) cubic feet as determined by quantitative methods in general use within the industry and mutually acceptable to the Parties, except where mercaptans are injected as odorant and then the Parties may use industry standard procedures for odorization;
- (c) Contain not more than five (5) grains of total sulfur per 100 cubic feet;
- (d) Contain not more than two percent (2%) by volume of carbon dioxide;
- (e) Contain not more than five percent (5%) by volume of total inerts;
- (f) Contain not more than twenty hundredths percent (0.20%) by volume of Oxygen (O₂);
- (g) Contain not more than three percent (3%) by volume of Nitrogen (N₂);
- (h) Contain not more than thirty-four hundredths (0.34) gallons of Propane and heavier

hydrocarbons per Mcf;

- (i) Contain not more than four hundred parts per million (400 ppm) by volume of Hydrogen;
- (j) Contain a gross Heating Value equivalent to at least 950 British Thermal Units per cubic foot and not to exceed 1100 British Thermal Units per cubic foot;
- (k) Have a temperature of not more than one hundred twenty degrees (120°) Fahrenheit nor less than forty degrees (40°) Fahrenheit;
- (l) Contain no water or hydrocarbons in liquid form;
- (m) Contain not more than seven (7) pounds of water vapor per million (1,000,000) cubic feet;
- (n) Shall be free of any corrosives, which in Company's sole discretion may be damaging or harmful to Company's facilities; and
- (o) Interchangeability: Must be interchangeable with Gas which is: (1) in the receiving transmission facilities; and (2) delivered to the nearest end user, city border station, aggregation point or other pipeline interconnected with such receiving transmission facility; and (3) downstream of the Point(s) of Delivery.

6.2 Customer agrees to supply Company, at Company's request at any time and from time to time, a sample of liquids removed from the Gas stream of the facilities which deliver Gas to Company, which sample is to be taken from a point upstream from the Point(s) of Receipt. Said sample shall not contain any toxic, hazardous, or deleterious materials or any materials which Company, in its sole discretion, deems in any way harmful to its facilities, personnel or the environment, including, but not limited to, polychlorinated biphenyls (PCBs), and substances or materials considered hazardous or other similar terms, or requiring investigation, remediation or removal under any federal, state or local statute, regulation, rule or ordinance or any amendments thereof, whether now in effect or as may be in effect in the future. If such samples contain any such materials or substances, Company shall have the right, in its sole discretion and in addition to other remedies available to it, to immediately cease receipt of Gas through the Point(s) of Receipt until such time as all such materials or substances are eliminated from the Gas such that Company, in its sole discretion, elects to again receive such Gas through the Point(s) of Receipt. Should Customer fail or refuse to eliminate all such materials or substances within a reasonable time, Company shall have the right, upon written notice, to terminate the Service Agreement. Customer hereby expressly agrees to indemnify and hold Company and Company's affiliates and personnel harmless from and against any and all liabilities, losses, claims, damages, actions, costs, fines, and expenses of whatever nature, including, but not limited to, court costs and attorneys' fees arising out or in any manner relating to the presence of PCBs and/or any other toxic, hazardous, deleterious, harmful, or unsafe materials as described above in Gas delivered into Company's System.

6.3 If the Gas offered for delivery to Company at the Point(s) of Receipt or made available to or on behalf of Customer at the Point(s) of Delivery has failed at any time to conform to any of the specifications set forth in this Article 6, then the Party receiving such Gas (the "Receiving

Party") shall notify the other Party (the "Tendering Party") of such deficiency and thereupon the Receiving Party may at its option refuse to accept such Gas pending correction by the Tendering Party. Upon the Tendering Party's failure promptly to remedy any deficiency in quality as specified in this Article 6, the Receiving Party may accept such Gas and may make changes necessary to bring such Gas into conformity with such specifications, and the Tendering Party shall reimburse the Receiving Party for any reasonable expense incurred by it in effecting such changes. In no event shall the failure of any Gas offered for delivery to Company by Customer or for Customer's account to conform to any of the specifications set forth in this Article 6 relieve Customer of Customer's obligation to pay any service charges incurred with respect to such Gas.

ARTICLE 7

BILLING AND ACCOUNTING

7.1 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 Dekatherms of Gas received and delivered and each Point(s) of Receipt and/or Point(s) of Delivery, and any information needed to explain and support any adjustment made by Company. 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) day of the Month in which the statement requiring such data is to be rendered.

- (a) Payment by Wire Transfer. Payment to Company for Services rendered during the preceding Month shall be due ten (10) calendar 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 7.1(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 (1st) 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 (10) calendar 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 received on or before the last business day on which the designated depository shall be set forth on each invoice presented to Customer.

7.2 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 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 Service 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 calculated in accord with Section 3.5 shall apply to any undercharge or overcharge not paid within 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 sixty (60) days from the date of discovery of such error but, in any event, within twenty-four (24) months from the date of the statement containing the error.

ARTICLE 8

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. "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 9

FACILITIES

9.1 Facilities. The measurement and appurtenant facilities required at the Point(s) of Receipt and/or Point(s) of 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 Service 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 Equivalent Quantity of Gas for delivery 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 or within this SOC. 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.

- (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. 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.
- (b) 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/or Point(s) of 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 shall be done only by the Party operating said equipment at the Point(s) of Receipt and/or Point(s) of Delivery.

9.3 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.

9.4 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

and Use Quantity.

ARTICLE 10
GOVERNMENTAL REGULATIONS

10.1 The Service Agreement including applicable Service Orders and this SOC 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 Service Agreement, or any provision hereof. If at any time during the term of the Service Agreement any such governmental authority shall take any action as to any Party whereby the delivery, storage and/or receipt of Gas, as contemplated herein, shall be proscribed or subjected to terms, conditions, restraints, or regulations, including rate, volumetric or price controls or ceilings, that are burdensome to the Party, such determination to be made by the affected Party in its reasonable discretion, the Service Agreement shall be modified to the minimum extent possible so as to comply with such orders, laws, rules and regulations. Otherwise, the Service Agreement shall remain in full force and effect. Neither Party shall have the right thereafter to cancel or terminate the Service Agreement by reason of such modification to the Service Agreement.

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) calendar 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 11
POSSESSION AND ODORIZATION OF GAS

11.1 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, unless otherwise mutually agreed to by the Parties.

ARTICLE 12

TITLE TO AND RESPONSIBILITY FOR GAS

12.1 Customer warrants title to all Gas injected by it into the Storage System 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 hold Company harmless from and against all loss, damage, claims, and expense of every character with respect to Gas injected 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.

12.2 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 nonpossessory Party.

ARTICLE 13 **FORCE MAJEURE AND CASUALTY**

13.1 If either Company or Customer or Point Operator is rendered unable, wholly or in part, by reason of force majeure or any other cause of any kind not reasonably within its control, whether or not such force majeure event or cause was foreseeable at the time the Service Agreement is entered into, to perform or comply with their obligations hereunder, then such Party's obligations or conditions shall be suspended during the continuance of such inability and such Party shall be relieved of liability for failure to perform the same during such period; provided, however, obligations to make payments when due hereunder shall not be suspended.

13.2 If a portion of the System required to make the service available is partially damaged by fire or other casualty, the damage may be repaired by Company, at its option and in its sole discretion, as speedily as practicable, due allowance being made for the time taken for the settlement of insurance claims. In such event, Company shall notify Customer thereof as soon as reasonably possible. Until such repairs are made, the payments shall be apportioned in proportion to the portion of the capacity of the System which is still available for the purposes hereof, such determination to be made in the reasonable discretion of Company. If the damage is so extensive as to render the System wholly unusable, in Company's reasonable opinion, the payments, if any, shall cease until such time as the System is again useable. In case the damage shall, in Company's reasonable opinion, amount substantially to a destruction of the portion of the Systems available for the storage of Gas and Company shall elect not to repair the damage, then the Service Agreement shall terminate at the time of such damage, and Company shall not be liable to Customer for any liability, damage, or claim which arises out of any failure to make repairs.

13.3 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.

13.4 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.

13.5 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 14 **TERM**

14.1 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 15
SCHEDULING AND NOMINATION OF GAS

15.1 Customer shall deliver its Gas or cause its Gas to be delivered into the Systems at the Point(s) of Receipt described on the applicable Service Order. Customer shall have no right to require Gas to be received at any particular Point(s) of Receipt and Company may delete such points or modify the capacity thereof from time to time and at any time in its reasonable discretion with no further obligation to Customer with respect to such Point(s) of Receipt. All supplies of Gas delivered to the Systems must comply with the terms and conditions of the Service Agreement. Additions or deletions may be made to the Point(s) of Receipt or Point(s) of Delivery in the Service Order subject to availability and agreement of the Parties in writing as set forth in an amendment to the Service Order or by entering into a new Service Order.

15.2 Customer's nomination shall be in good faith and shall be based on Customer's reasonable efforts to estimate usage for that next Hour, 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. Customer may not inject and withdraw simultaneously without approval from Company. 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 Quantity limitations established by the Parties. 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.

15.3 Receipt and delivery nominations received from Customers shall be made available to Point Operators for their confirmation to deliver or receive such nominated Gas flow volumes. All nominations, scheduling, storage, and priorities for Service shall be subject to demands, priorities, requests and/or constraints made or imposed by upstream and/or downstream transporters of Gas. 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.

- (a) 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.
- (b) Company shall accept nominations in accordance with the North American Energy Standards Board scheduling and nominations timeline as incorporated by the Federal Energy Regulatory Commission in its currently effective regulations.
- (c) Intra-day nominations are those submitted after the nominations deadline to be

effective for either the same Gas Day or for the next Gas Day and runs through the end of that Gas Day. A Customer may submit an intra-day nomination up to four (4) hours prior to Gas flow. Intra-Day nominations shall be scheduled after all timely nominations. At Company's sole discretion, Intra-Day nominations may bump scheduled Gas for that Gas day where the upstream or downstream operations require a change in scheduled Gas.

15.4 For nominations in excess of injection or withdrawal capabilities of the Storage System operated by Company, the following priorities shall apply for such Service:

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

15.5 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.

15.6 The Point(s) of Receipt and/or 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 Service 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.

15.7 Except as may be set forth on a Service Order; Company shall inject and withdraw Gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. 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 quantities received and delivered shall be kept as near to zero (0) imbalance as practicable. Furthermore, to the extent receipt and/or delivery rate information is available, Company and Customer shall immediately inform each other of any changes of delivery rate at the Point(s) of Receipt and/or Point(s) of Delivery, and Company reserves the right to adjust the confirmed nomination at the Point(s) of Receipt and/or Point(s) of Delivery to an Equivalent Quantity to the volumes being received and/or delivered to Customer at the Point(s) of Receipt and/or Point(s) of Delivery at the time of such adjustment. However, prior to

adjusting the confirmed nominations at the Point(s) of Receipt and/or Point(s) of Delivery, Company shall provide Customer a minimum of two (2) hours' notice, excluding periods when an OFO is in effect, to allow Customer to change its nominations. Notwithstanding Company's right to adjust confirmed nominations as described above, Customer shall remain liable for any balancing requirements as set forth in this Article II.

15.8 Company agrees to use reasonable efforts to make available to Customer sufficient capacity in the applicable Systems to effect the purposes contemplated hereby. However, because of the vagaries of storage operations and demands placed upon Company at various times throughout the Year, Company, during periods of curtailment or force majeure on its Systems or on a portion of the Systems that serves Customer, shall have the right at any and all times during the term hereof to temporarily decrease, suspend, or discontinue completely and immediately the injection or withdrawal of Gas hereunder. Company reserves the right to issue an Operational Flow Order to alleviate conditions, inter alia, which threaten or could threaten the safe operations or System integrity of Company's System or to maintain operations required to provide efficient and reliable Service. If pursuant to the foregoing Company curtails or temporarily discontinues the injection or withdrawal 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 Service Agreement and the Service Orders attached thereto.

15.9 Curtailment and interruption of Service may be ordered by Company at any time if, in Company's sole judgment subject to applicable laws, 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 interruption, upon such notice as is reasonable under the circumstances; provided, however, that Company will act as a reasonably prudent operator, 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 first Service to be interrupted and continuing in order as necessary to the last Service to be interrupted:

- (a) Interruptible Service is provided on a fully interruptible basis and shall be curtailed whenever curtailment or interruption becomes necessary in Company's sole judgment. Curtailment of Interruptible Service will begin with Customers with the least economic value to be curtailed first; and then curtailment will be imposed in an ascending order of economic value of the Service being rendered. For Services providing the same economic value, curtailment shall be on a Pro Rata Share basis. Modifying Interruptible Service to alter the economic order of curtailment after a curtailment order has been issued will not be permitted.
- (b) Firm Service shall be curtailed on a Pro Rata Share basis; or as otherwise may be required by applicable regulations or orders of a governmental or regulatory authority having jurisdiction over the Services provided hereunder.
- (c) The foregoing order of curtailment shall be applied only to those Customers that have Gas stored on that part of the applicable Systems affected by the curtailment. If the curtailment exists only on a portion of a System, then only Customers on that portion

of the System shall be curtailed. If the curtailment affects the System generally, then all Customers shall be affected by the curtailment.

15.10 Company shall not be liable for any loss or damage to any person or property caused, in whole or in part, by any interruption of Service.

15.11 Subject to the foregoing Sections 15.1 through 15.8, Customer shall exercise reasonable efforts to deliver to the applicable System the Dekatherms 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.

15.12 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. Company reserves the right to confirm Customer has entered into agreements for sufficient upstream and downstream Transportation prior to confirming Customer's nominations on Company's System.

15.13 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.

15.14 Except as provided in Section 15.1 hereof, 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 reimburse or compensate Company for all or part of costs associated with the Customer requested acquisition, installation, construction, modification, operation, and rearrangement of such facilities.

ARTICLE 16

OPERATIONAL FLOW ORDER

16.1 Company reserves the right to issue an Operational Flow Order to alleviate conditions, interalia, which threaten the safe operations or System integrity of the Company's System or to maintain operations required to provide efficient and reliable Service.

- (a) Notwithstanding any other provision of this SOC, an OFO resulting in 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.

- (b) In the event that a Customer or point operator does not respond to an OFO, or the actions taken thereunder are insufficient to correct the System problem for which the OFO was issued, or there is insufficient time to carry out the procedures with respect to OFO's, Company may take unilateral actions, including the curtailment of Interruptible or Firm Service, to maintain the operational integrity of Company's System (or any portion thereof).
- (c) If a Customer or point operator fails to comply with an OFO it will be subject to an OFO charge for each Dekatherm of gas by which it deviated from the requirements of the OFO. The daily OFO charge, for the days of noncompliance, shall be based on a price per Dekatherm, by which Customer or point operator deviated from the requirements of the OFO, equal to two and one-half (2 1/2) times the midpoint of the range of prices reported under the heading "Absolute High for Texas Intrastate, Waha Area" as published in the Daily price survey in Platts Gas Daily for either the flow day on which the OFO is issued or the flow day immediately thereafter, whichever is greater.
- (d) If Company is unable to contact any Customer or point operator because that Customer's or point operator's contact person(s) is unavailable, such Customer or point operator shall be solely responsible for any consequences arising from such failure of communications.
- (e) The payment of an OFO charge does not create the right to exceed the levels established by an OFO.

ARTICLE 17 **MISCELLANEOUS**

17.1 Any modification of terms, or amendment of any provisions hereof, shall become effective only by supplemental written agreement between the Parties.

17.2 Customer Default. Any of the following events or conditions shall constitute a default of Customer under the Service Agreement:

- (1) Default in the delivery of any payment or any sums hereunder for a period of thirty (30) days after the same becomes due; provided such sums are not disputed by Customer pursuant to and in accordance with Section 3.5 hereof;
- (2) Any other breach of the material terms and conditions of the Service 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 (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, or (iv) 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 (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Customer (ii) the appointment of a trustee, receiver, liquidator or custodian of such Party or of all or substantially all of its assets, or (iii) 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, statement, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.

17.3 Company Remedy in the Event of Customer Default. Upon the happening of any event of default as set forth in Section 17.2 above, Company shall have the right to do any one or more of the following without demand or notice of any kind:

- (1) Declare due, sue for, and receive from Customer the sum of all payments and all other amounts due and owing under the Service Agreement plus the sum of all payments and other amounts to become payable during the balance of the term of the Service Agreement;
- (2) Retake possession of the entire capacity of the System without any court order or other process of law and without any rights of Company being thereupon terminated;
- (3) Terminate the Service Agreement and any Service Order related thereto, and the Exhibits;
- (4) Pursue any other remedy at law or in equity.

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

- (1) Company's breach of any material term or condition of the Service 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.

- (2) Company shall (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, or (iv) 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 Company;
- (3) A proceeding or case shall be commenced, without the application or consent of the affected Party, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Company, (ii) the appointment of a trustee, receiver, liquidator or custodian of such Party or of all or substantially all of its assets, or (iii) 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;
- (4) If any certificate, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.

17.5 Customer Remedy in the Event of Company Default. Upon the happening of any event of default as set forth in Section 17.4 above, Customer shall have the right to do any one or more of the following without demand or notice of any kind:

- (1) Declare due, sue for, and receive from Company the sum of all outstanding credits and other amounts due and owing under the Service Agreement;
- (2) Terminate the Service Agreement and any Service Orders related thereto, and the Exhibits;
- (3) 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 Service Agreement, whether by lapse or time or otherwise, Customer will surrender any and all rights in the Systems immediately.

17.7 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 utilize reasonable efforts to 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.

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

17.9 The Service Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their successors and assigns. Neither the Service Agreement nor the Exhibits attached thereto nor the rights and obligations of Customer hereunder may be assigned without the consent of Company, which consent shall not be unreasonably withheld or delayed provided that the assignee demonstrates that it is financially capable of performing the duties and obligations of Customer hereunder.

17.10 Customer will not mortgage, create a security interest in, or encumber the Service Agreement, or sublet the rights granted hereby, or permit its use by others, or pledge, loan, sublet, create a security interest in, or in any other manner attempt to dispose of such rights, or permit its use by others, or suffer any liens or legal process to be incurred or levied thereon; provided, however, that Customer may grant a security interest or similar encumbrance in connection with any financing arrangement associated with Customer's facility or replacement of such credit facilities.

17.11 The payments under the Service Agreement have been computed on the understanding that Company shall have the benefit of any investment credit available under the applicable sections of the Internal Revenue Code, as amended, with respect to the Systems and all appurtenant facilities related to such System.

17.12 THE SERVICE AGREEMENT SHALL BE INTERPRETED UNDER THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY LAW THEREOF DIRECTING THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

17.13 Company and Customer agree to exercise and take reasonable steps necessary to safeguard and cause their officers, directors, employees, agents, advisers, and representatives to safeguard the confidentiality of the Service Agreement and the terms and conditions thereof (as contrasted with the existence and effectiveness of the Service Agreement which are not confidential) and not to disclose any part of it or any information derived therefrom or any negotiations relating thereto to any party or person except that limited number of people within Company's and Customer's organizations, and their advisers, lenders and potential investors, as may need to know the terms and conditions hereof in order to evaluate, understand, execute and perform the Service Agreement. Company and Customer agree not to copy or permit the copying of the Service Agreement, except as may be necessary for their operations. In the event Customer or Company or any of their officers, directors, employees, agents, attorneys or representatives, is requested or required (by oral or written question or request for information or documents in legal proceedings, interrogatories, subpoena, Civil Investigative Demand or similar process) to disclose any information concerning the Service Agreement or the terms and conditions thereof or any negotiations relating thereto, it is agreed that

the Party receiving such question or request will provide the other Party with prompt notice thereof so that such other Party may seek a protective order or other appropriate relief or a release from the other Party. It is further agreed that if, in the absence of a protective order or receipt of a release, the other Party is compelled to disclose such information or else stand liable for contempt or suffer other censure or penalty or adverse effect, then such Party may disclose such information. The Parties hereto are further authorized to make disclosure of the Service Agreement as may be required by Federal, state, or local regulation or agency, or as may be required by auditors or accountants in connection with the preparation of financial statements or tax returns. Disclosure hereunder shall not constitute a basis for defense, termination, or modification of the Service Agreement.

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

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

ONEOK Texas Gas Storage, L.L.C.
100 West Fifth Street
Tulsa, Oklahoma 74103-4298
Attn.: Manager – Storage Services

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

(c) Response Period. The Company shall respond to all complaints in writing within thirty (30) days of the date the Company received the Complaint.

(d) 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.

17.15 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

17.16 Should any litigation be commenced between the Company and Customer concerning any provision of the Service 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.

17.17 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 OF 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.

17.18 Conflict. In the event of a conflict between the terms and conditions of the Service Agreement, this SOC or a Service Order, the documents shall govern in the following order of priority from highest to lowest priority: (i) the SOC; (ii) the Service Order; (iii) the Service Agreement. Notwithstanding, if the Parties agree to other conditions in a Service Order which are intended to supplement and control over conflicting provisions as contained within this SOC, such other conditions shall control.