

FERC GAS TARIFF

First Revised Volume No. 1

Of

Destin Pipeline Company, L.L.C.

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Communication Covering Rates Should be Addressed To:

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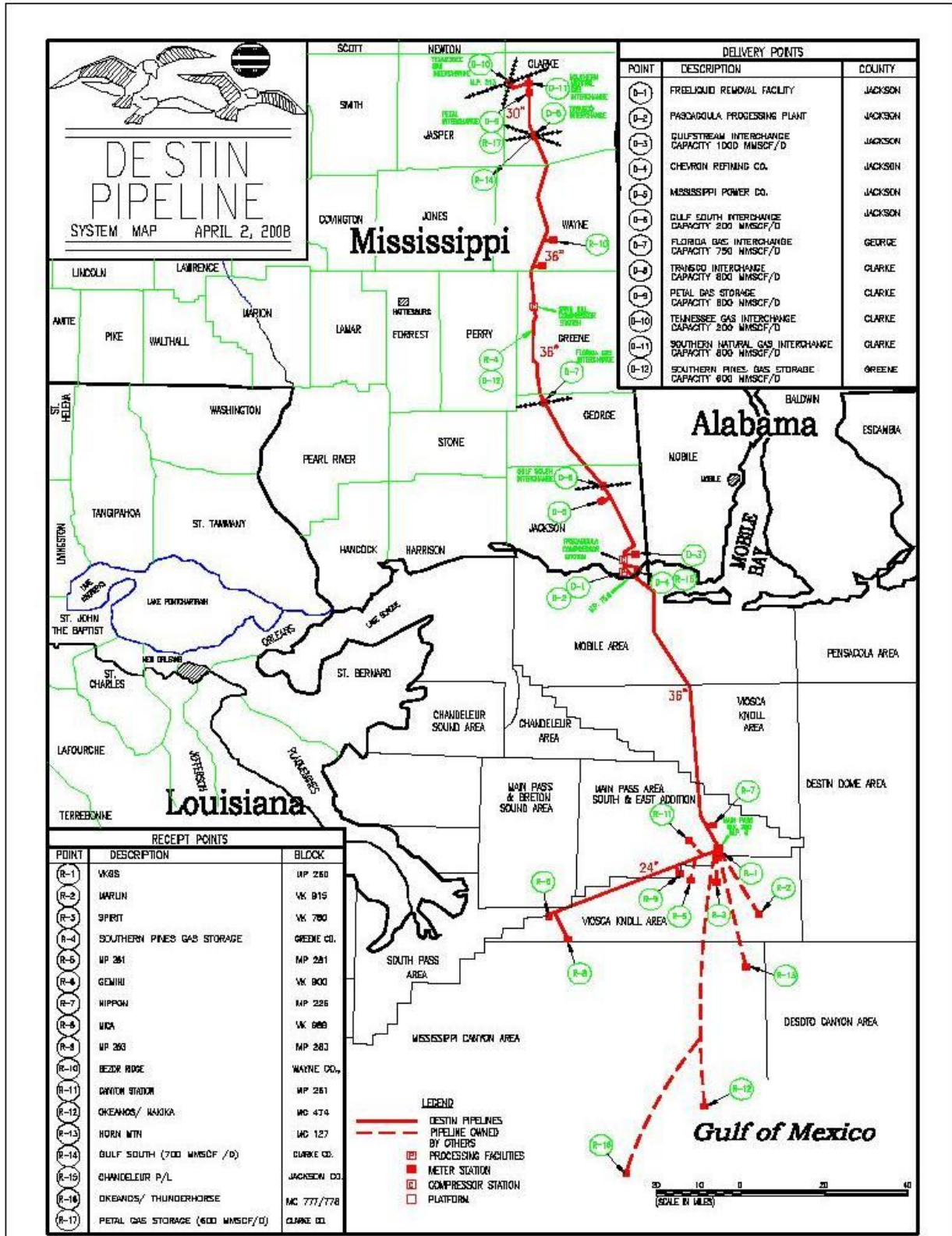
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PRELIMINARY STATEMENT

Destin Pipeline Company, L.L.C. (Destin) is a limited liability company formed under the laws of the State of Delaware and a natural gas company engaged in the business of transporting natural gas in interstate commerce.

GENERAL SYSTEM MAP



Part V
Currently Effective Rates

- 1. Rate Schedule FT-1**
- 2. Rate Schedule FT-2**
- 3. Rate Schedule IT**

FIRM TRANSPORTATION RATES
RATE SCHEDULE FT-1

	Monthly Reservation Rate (\$/Dth/Month)	Daily Reservation Rate (\$/Dth)	Transportation Rate ¹ (¢/Dth)
Maximum Rate:	\$7.19	\$0.237	.3¢
Minimum Rate:	0.00	0.00	.3¢
Fuel Retention Percentage:	.2%		

¹ Pursuant to Section 23 of the General Terms and Conditions, the volumetric charges shall be increased to include any applicable surcharges, including the Annual Charge Adjustment (ACA) at a current unit rate of \$0.0018 per Dth

FIRM TRANSPORTATION RATES
 RATE SCHEDULE FT-2

	Monthly Reservation Rate (\$/Dth/Month)	Daily Reservation Rate (\$/Dth)	Daily Overrun Rate (\$/Dth)	Transportation on Rate ¹ (¢/Dth)
Maximum Rate:	\$7.19	\$0.237	\$0.237	.3¢
Minimum Rate:	0.00	0.00	0.00	.3¢
Fuel Retention Percentage:	.2%			

¹ Pursuant to Section 23 of the General Terms and Conditions, the volumetric charges shall be increased to include any applicable surcharges, including the Annual Charge Adjustment (ACA) at a current unit rate of \$0.0018 per Dth

INTERRUPTIBLE TRANSPORTATION RATES
RATE SCHEDULE IT

Transportation Rate	Per Dth ¹
Maximum Rate:	24.0¢
Minimum Rate:	0.3¢
Fuel Retention Percentage:	.2%

¹ Pursuant to Section 23 of the General Terms and Conditions, the volumetric charges shall be increased to include any applicable surcharges, including the Annual Charge Adjustment (ACA) at a current unit rate of \$0.0018 per Dth

Part V

Rate Schedules

1. Rate Schedule FT-1
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3. Interruptible IT

RATE SCHEDULE FT-1
Firm Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party (SHIPPER) that requests transportation of natural gas on a firm basis from Destin Pipeline Company, L.L.C. (COMPANY) when:
 - (i) COMPANY's pipeline facilities have sufficient capacity and are able to provide said transportation;
 - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable hereto;
 - (iii) SHIPPER and COMPANY have executed a Service Agreement for service under this Rate Schedule; and
 - (iv) The gas to be transported is not dedicated by SHIPPER pursuant to a Reserve Commitment Agreement.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to firm transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule. Service hereunder shall consist of the receipt, transportation and delivery of gas as set forth below.
- (b) The receipt of gas for transportation services performed under this Rate Schedule shall be:
 - (i) on a firm basis for those primary Receipt Points specified on Exhibit A to the Service Agreement and shall not be subject to interruption or limitation, except as provided in the General Terms and Conditions, including but not limited to Sections 3.2, 8.3, 12.2, 15.3, 19 and 25 thereof; and
 - (ii) on a preferred interruptible basis for those secondary Receipt Points specified on Exhibit A-1 to the Service Agreement and shall be subject, in COMPANY's reasonable judgment, to the availability of capacity in COMPANY's pipeline facilities and to the operating conditions and system requirements of COMPANY. Receipt of gas under this Rate Schedule at the secondary Exhibit A-1

Receipt Points shall have a priority over the receipt of gas for COMPANY's interruptible services and shall have a priority subordinate to the receipt of gas at primary Receipt Points specified on Exhibit A to the Service Agreements under this Rate Schedule and Rate Schedule FT-2.

- (c) The transportation of the gas received by COMPANY for SHIPPER's account under this Rate Schedule and the delivery of such gas under this Rate Schedule shall be:
- (i) on a firm basis to the primary Delivery Points specified on Exhibit B to the Service Agreement and shall not be subject to interruption or limitation, except as provided in the General Terms and Conditions, including but not limited to Sections 3.2, 8.3, 12.2, 15.3, 19 and 25 thereof. Firm transportation services under this Rate Schedule shall have a comparable priority with other firm transportation services and shall have priority over all of COMPANY's interruptible services;
 - (ii) on a senior preferred interruptible basis for those secondary Delivery Points specified on Exhibit B-1 to the Service Agreement to the extent that:
 - (A) such secondary Delivery Points are upstream of, and in the capacity path of, SHIPPER's primary Delivery Points; and
 - (B) SHIPPER notifies COMPANY that it is nominating deliveries to such upstream secondary Delivery Point in lieu of a nomination of such quantities of gas to its downstream primary Delivery Points; and
 - (C) there exists meter station capacity at the upstream secondary Delivery Point adequate for the firm delivery of gas nominated by other shippers that have such delivery point as a primary Delivery Point.

For purposes of this Rate Schedule, the capacity path of a Delivery Point is that portion of COMPANY's pipeline system upstream of such Delivery Point that is utilized to provide firm service to such Delivery Point.

Delivery of gas under this Rate Schedule at secondary delivery points on a senior preferred interruptible basis shall have a priority over (x) delivery of gas on a preferred interruptible basis at secondary B-1 Delivery Points and (z) delivery of gas for COMPANY's interruptible services, but shall have a priority subordinate to the delivery of gas at the primary Delivery Points specified on Exhibit B to the Service Agreements under this Rate Schedule or under Rate Schedule FT-2; and

- (iii) on a preferred interruptible basis for those secondary Delivery Points specified on Exhibit B-1 to the Service Agreement which are not subject to Section 2(c)(ii) hereof and shall be subject, in COMPANY's reasonable judgment, to the

availability of capacity in COMPANY's pipeline facilities and to the operating conditions and system requirements of COMPANY. Delivery of gas under this Rate Schedule at secondary Exhibit B-1 Delivery Points shall have a priority over the delivery of gas for COMPANY's interruptible services and shall have a priority subordinate to the delivery of gas at the primary Delivery Points specified on Exhibit B to the Service Agreements under this Rate Schedule or under Rate Schedule FT-2 and subordinate to the delivery of gas on a senior preferred interruptible basis under this Rate Schedule or Rate Schedule FT-2.

- (d) Subject to the provisions of Section 18 of the General Terms and Conditions applicable hereto, transportation service provided under this Rate Schedule shall be limited to SHIPPER's Transportation Demand specified in the Service Agreement. It is provided, however, that if gas in excess of SHIPPER's currently effective Transportation Demand is allocated to SHIPPER's Service Agreement for service under this Rate Schedule on any day pursuant to the allocation procedures set out in Section 13 of the General Terms and Conditions, such gas shall be deemed to be overrun gas under said Service Agreement and SHIPPER shall pay the currently effective maximum rate for Rate Schedule IT, or any applicable discount to that rate, for each Dth of overrun gas.

3. RATES AND CHARGES

- (a) SHIPPER shall pay COMPANY the sum of the following for transportation services rendered for SHIPPER each month under this Rate Schedule:
- (i) Reservation Charge: A monthly charge equal to the currently effective rates for Rate Schedule FT-1 multiplied by SHIPPER's TD for the month multiplied by the average Shipper Specific Heating Value for the month.
 - (ii) Transportation Charge: The rate set forth for the currently effective rates for Rate Schedule FT-1 multiplied by the sum of the quantities of gas (in Mcf) received for SHIPPER's account each day of the month, up to SHIPPER's TD in effect each day during the month multiplied by the average Shipper Specific Heating Value for the month.
- (b) The currently effective rates for Rate Schedule FT-1 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, agrees to discount its rate to SHIPPER under this Rate Schedule. Any discount agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit C to the Service Agreement, shall be granted consistent with the applicable provisions of Section 30 of the General Terms and Conditions, and shall be made on a not unduly discriminatory basis. The rates for service under this Rate Schedule FT-1 shall not be discounted below the applicable minimum rates.

- (c) In addition to the charges specified above, unless otherwise agreed to by COMPANY and in accordance with FERC Regulations, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
- (i) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 23 of the General Terms and Conditions of COMPANY's FERC Gas Tariff and as set forth on the currently effective rates for Rate Schedule FT-1, as said charge may be changed from time to time.
 - (ii) Facilities: All costs, including reasonable overheads, actually incurred by COMPANY in the construction and installation, modification, and/or acquisition of facilities for the receipt, measurement, or transportation of gas for SHIPPER's account which SHIPPER requests and COMPANY, in its reasonable discretion, agrees to construct, install, modify, and/or acquire including acquisition of any interests in real estate and permits associated with the facilities. Title and ownership of such facilities, however, shall remain in COMPANY. SHIPPER shall pay COMPANY for such costs within ten (10) days of receipt of COMPANY's invoice detailing the amount of such costs.
 - (iii) Fuel retained: A percentage of the quantity of gas delivered by SHIPPER for transportation and accepted by COMPANY at the Receipt Point(s) as gas which shall be deemed to have been used for compressor fuel and gas otherwise used, lost, or unaccounted for in COMPANY's operations. The percentage of the quantity of gas retained by COMPANY for such purposes shall be set forth on the currently effective rates for Rate Schedule FT-1 as determined pursuant to the provisions of Section 24 of the General Terms and Conditions of COMPANY's FERC Gas Tariff.

4. BANKING PROVISION

A SHIPPER with firm transportation service under this Rate Schedule FT-1 shall be permitted to accumulate each day during the primary contract term transportation credits in an amount equal to such SHIPPER's TD under its Rate Schedule FT-1 Service Agreement multiplied by its Shipper Specific Heating Value less (i) the total quantities (in Dth) received from SHIPPER under such agreement on such day, and (ii) the total capacity released quantities (in Dth) under such agreement on such day (Unutilized Volumes). To utilize its Unutilized Volumes, SHIPPER may nominate under its IT Service Agreement in accordance with Section 12 of the General Terms and Conditions volumes of gas in excess of SHIPPER's TD multiplied by its Shipper Specific Heating Value in an amount less than or equal to its cumulative Unutilized Volumes calculated as of the end of the previous month and COMPANY shall schedule such volumes to the extent that COMPANY has capacity available; provided that such volumes shall be deemed to be transported at the maximum lawful IT rate for purposes of allocating IT service under Section 12.2(b)(iv) of the General Terms and Conditions. Such volumes shall be

scheduled and flow under SHIPPER's Rate Schedule IT Service Agreement and shall be billed to SHIPPER at the minimum Rate Schedule IT rate in effect at the time of service, plus surcharges and fuel, subject to the following limitations:

- (a) For the contract entered into on or after December 18, 2008 cumulative Unutilized Volumes may be utilized at any time during the primary term of the Rate Schedule FT-1 Service Agreement and for the lesser of the initial term of the contract or one year thereafter (as long as an IT Service Agreement is in effect), but will be forfeited at the end of said period;
- (b) Volumes transported for SHIPPER shall be first applied to SHIPPER's Rate Schedule FT-1 Service Agreement up to TD before any reduction is made to SHIPPER's Cumulative Unutilized Volumes;
- (c) Cumulative Unutilized Volume credits are not assignable;
- (d) The banking provision in this Section 4 is available only to SHIPPERS contracting directly with COMPANY for firm transportation under Rate Schedule FT-1 and to ACQUIRING SHIPPERS that have acquired capacity under Rate Schedule FT-1 pursuant to a Permanent Release under Section 18 of the General Terms and Conditions; and
- (e) Transportation of Cumulative Unutilized Volumes shall be permitted only to the extent that COMPANY has capacity available.

5. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Although services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis, COMPANY's obligation under this Rate Schedule to deliver gas to or for the account of SHIPPER on any day of transportation is limited to making available to SHIPPER at the Delivery Point(s) Equivalent Quantities of gas. SHIPPER's right under this Rate Schedule to take gas at a Delivery Point on a day of transportation is limited to taking Equivalent Quantities of gas.
- (b) It is recognized that because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on a uniform basis.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to said General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof. If and to the extent the provisions of this Rate Schedule conflict with provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

RATE SCHEDULE FT-2
Firm Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party (SHIPPER) that requests transportation of natural gas on a firm basis under this Rate Schedule from Destin Pipeline Company, L.L.C. (COMPANY) when:
 - (i) COMPANY's pipeline facilities have sufficient capacity and are able to provide said transportation;
 - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable hereto;
 - (iii) SHIPPER and COMPANY have executed a Service Agreement for service under this Rate Schedule; and
 - (iv) SHIPPER has executed a Reserve Commitment Agreement. Natural gas dedicated pursuant to a Reserve Commitment Agreement is eligible for firm transportation services only under this Rate Schedule FT-2. SHIPPER shall execute no more than one (1) Rate Schedule FT-2 Service Agreement per lease dedicated under a Reserve Commitment Agreement.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule.
- (c) COMPANY shall have no obligation to accept any gas for transportation under this Rate Schedule FT-2 unless SHIPPER (i) agrees to commit for delivery into and transportation through COMPANY's pipeline facilities all natural gas produced by or for the account of SHIPPER, or an affiliate of Shipper which Shipper controls (as defined in Section 1.2 of the Reserve Commitment Agreement), pursuant to the terms of the Reserve Commitment Agreement, from specific Outer Continental Shelf (OCS) Leases or State Waters Leases (such Lease(s) being referred to herein as "Committed Lease(s)"); and (ii) demonstrates to COMPANY's reasonable satisfaction SHIPPER's interest or aggregate committed interests in the Committed Lease(s).
- (d) COMPANY shall have no obligation to accept any gas for transportation under this Rate Schedule FT-2 other than the gas produced from working interests of SHIPPER or its affiliates in the Committed Leases or gas that is dedicated to COMPANY's system under a Reserve Commitment Agreement and which SHIPPER has the right to market under a joint operating or similar agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to firm transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule. Service hereunder shall consist of the receipt, transportation and delivery of gas as set forth below.
- (b) The receipt of gas tendered by SHIPPER from the Committed Leases for transportation services performed under this Rate Schedule shall be:
 - (i) on a firm basis for those primary Receipt Points specified on Exhibit A to the Service Agreement and shall not be subject to interruption or limitation, except as provided in the General Terms and Conditions, including but not limited to Sections 3.2, 8.3, 12.2, 15.3, 19 and 25 thereof; and
 - (ii) on a preferred interruptible basis for those secondary Receipt Points specified on Exhibit A-1 to the Service Agreement and shall be subject, in COMPANY's reasonable judgment, to the availability of capacity in COMPANY's pipeline facilities and to the operating conditions and system requirements of COMPANY. Receipt of gas under this Rate Schedule at the secondary Exhibit A-1 Receipt Points shall have a priority over the receipt of gas for COMPANY's interruptible services and shall have a priority subordinate to the receipt of gas at primary Receipt Points specified on Exhibit A to the Service Agreements under this Rate Schedule and Rate Schedule FT-1.
- (c) The transportation of the gas received by COMPANY for SHIPPER's account under this Rate Schedule and the delivery of such gas shall be:
 - (i) on a firm basis to the primary Delivery Points specified on Exhibit B to the Service Agreement and shall not be subject to interruption or limitation, except as provided in the General Terms and Conditions, including but not limited to Sections 3.2, 8.3, 12.2, 15.3, 19 and 25 thereof. Firm transportation services under this Rate Schedule shall have a comparable priority with other firm transportation services and shall have priority over all of COMPANY's interruptible services;
 - (ii) on a senior preferred interruptible basis for those secondary Delivery Points specified on Exhibit B-1 to the Service Agreement to the extent that:
 - (A) such secondary Delivery Points are upstream of, and in the capacity path of, SHIPPER's primary Delivery Points; and

- (B) SHIPPER notifies COMPANY that it is nominating deliveries to such upstream secondary Delivery Point in lieu of a nomination of such quantities of gas to its downstream primary Delivery Points; and
- (C) there exists meter station capacity at the upstream secondary Delivery Point adequate for the firm delivery of gas nominated by other shippers that have such delivery point as a primary Delivery Point.

For purposes of this Rate Schedule, the capacity path of a Delivery Point is that portion of COMPANY's pipeline system upstream of such Delivery Point that is utilized to provide firm service to such Delivery Point.

Delivery of gas under this Rate Schedule at secondary delivery points on a senior preferred interruptible basis shall have a priority over (x) delivery of gas on a preferred interruptible basis at secondary B-1 Delivery Points and (z) delivery of gas for COMPANY's interruptible services, but shall have a priority subordinate to the delivery of gas at the primary Delivery Points specified on Exhibit B to the Service Agreements under this Rate Schedule, or under Rate Schedule FT-1; and

- (iii) on a preferred interruptible basis for those secondary Delivery Points specified on Exhibit B-1 to the Service Agreement which are not subject to Section 2(c)(ii) hereof and shall be subject, in COMPANY's reasonable judgment, to the availability of capacity in COMPANY's pipeline facilities and to the operating conditions and system requirements of COMPANY. Delivery of gas under this Rate Schedule at secondary Exhibit B-1 Delivery Points shall have a priority over the delivery of gas for COMPANY's interruptible services and shall have a priority subordinate to the delivery of gas at the primary Delivery Points specified on Exhibit B to the Service Agreements under this Rate Schedule and under Rate Schedule FT-1 and subordinate to the delivery of gas on a senior preferred interruptible basis under this Rate Schedule or Rate Schedule FT-1.
- (d) Subject to the provisions of Section 18 of the General Terms and Conditions applicable hereto, transportation service provided under this Rate Schedule shall be limited to SHIPPER's Transportation Demand specified in the Service Agreement. It is provided, however, that if gas in excess of SHIPPER's currently effective Transportation Demand is allocated to or scheduled under SHIPPER's Service Agreement for service under this Rate Schedule on any day pursuant to the allocation procedures set out in Section 13 of the General Terms and Conditions, such gas shall be deemed to be overrun gas under said Service Agreement and SHIPPER shall pay the rate set forth in said Service Agreement for each Dth of overrun gas.

3. RATES AND CHARGES

- (a) For transportation services under each Transportation Service Agreement, SHIPPER shall pay COMPANY the sum of the following for transportation services rendered for SHIPPER each month under this Rate Schedule:
- (i) Reservation Charge: (A) If the sum of the quantity of gas allocated to SHIPPER's FT-2 transportation Service Agreement, including scheduled overrun quantities, at the Receipt Point(s) in the previous three months, including the production month being billed, equals or exceeds 70% of the TD specified in the FT-2 transportation Service Agreement for the same three months multiplied by the average Shipper Specific Heating Value for the same three months and multiplied by the number of days in the months, based on the best available information at the time of billing, then SHIPPER shall pay to COMPANY the Daily Reservation Rate as set forth on the currently effective rates for Rate Schedule FT-2 multiplied by the quantities of gas (in Mcf) received for SHIPPER's account for the month up to the sum of SHIPPER's TD in effect on each day during the month multiplied by the average Shipper Specific Heating Value for the month; or (B) If the sum of the quantity of gas allocated to SHIPPER's FT-2 transportation Service Agreement, including scheduled overrun quantities, at the Receipt Point(s) in the previous three months, including the production month being billed, is less than 70% of the TD specified in the FT-2 transportation Service Agreement for the same three months multiplied by the average Shipper Specific Heating Value for the same three months and multiplied by the number of days in the months, based on the best available information at the time of billing, then SHIPPER shall pay to COMPANY in the next succeeding month after the invoice is issued the Monthly Reservation Rate as set forth on the currently effective rates for Rate Schedule FT-2 multiplied by SHIPPER's TD for the month multiplied by the average Shipper Specific Heating Value for the month; provided, however, SHIPPER's TD shall be adjusted prior to calculating the 70% threshold to the extent that COMPANY is unable to serve SHIPPER's nominations due to an incident of Force Majeure claimed by COMPANY under Section 8.3, limitations under Section 12.2, Maintenance under Section 19, or OFOs under section 25; provided, further, that in SHIPPER's initial six months of service under this Rate Schedule, SHIPPER shall be billed pursuant to (A) above regardless of SHIPPER's ability to meet the 70% throughput level; and
- (ii) Transportation Charge: The applicable rate as set forth on the currently rates for Rate Schedule FT-2 multiplied by the sum of the quantities of gas (in Mcf) received for SHIPPER's account each day of the month up to SHIPPER's TD in effect each day during the month multiplied by the average Shipper Specific Heating Value for the month.

For purposes of 3(a)(i)(B) above COMPANY shall notify SHIPPER on the invoice for the billing month in which the three-month period has dropped below 70% of TD, as calculated in Section 3(a)(i)(B) above, that SHIPPER shall be billed the Reservation Charge under said Section in the next, succeeding month so that SHIPPER may release its firm capacity on a temporary basis pursuant to Section 18 of the General Terms and Conditions during the month in which SHIPPER is being billed the Reservation Charge under this Section.

- (b) The currently effective rates for Rate Schedule FT-2 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, agrees to discount its rate to SHIPPER under this Rate Schedule. Any discount agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit C to the Service Agreement, shall be granted consistent with the applicable provisions of Section 30 of the General Terms and Conditions, and shall be made on a not unduly discriminatory basis. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates as set forth on the currently effective rates under Rate Schedule FT-2.
- (c) In addition to the charges specified above, unless otherwise agreed to by COMPANY and in accordance with FERC Regulations, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
 - (i) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 23 of the General Terms and Conditions of COMPANY's FERC Gas Tariff and as set forth on the currently effective rates for Rate Schedule FT-2, as said charge may be changed from time to time.
 - (ii) Facilities: All costs, including reasonable overheads, actually incurred by COMPANY in the construction and installation, modification, and/or acquisition of facilities for the receipt, measurement, or transportation of gas for SHIPPER's account which SHIPPER requests and COMPANY, in its reasonable discretion, agrees to construct, install, modify, and/or acquire including acquisition of any interests in real estate and permits associated with the facilities. Title and ownership of such facilities, however, shall remain in COMPANY. SHIPPER shall pay COMPANY for such costs within ten (10) days of receipt of COMPANY's invoice detailing the amount of such costs.
 - (iii) Fuel retained: A percentage of the quantity of gas delivered by SHIPPER for transportation and accepted by COMPANY at the Receipt Point(s) as gas which shall be deemed to have been used for compressor fuel and gas otherwise used, lost, or unaccounted for in COMPANY's operations. The percentage of the quantity of gas retained by COMPANY for such purposes shall be as set forth on

the currently effective rates for Rate Schedule FT-2 as determined pursuant to the provisions of Section 24 of the General Terms and Conditions of COMPANY's FERC Gas Tariff.

4. BANKING PROVISION

In the event that none of SHIPPER's gas is made available to COMPANY from particular production platform(s) for a continuous three-month period due to damage to, or the destruction, in whole or in part, of said platform(s) or other production facilities associated with such platform(s), resulting from a Supervening Cause (as defined below), then SHIPPER shall be permitted to accumulate each day for such period of nonproduction commencing from the first date of nonproduction up to a maximum term of six (6) months (Nonproduction Period) transportation credits in an amount equal to such SHIPPER's TD allocated to the affected Receipt Point(s) in effect for each day in the Nonproduction Period under its Rate Schedule FT-2 Service Agreement multiplied by its most recent Shipper Specific Heating Value less the total capacity released under such agreement on such day (Unutilized Volumes). To utilize its Unutilized Volumes, SHIPPER may nominate in accordance with Section 12 of the General Terms and Conditions volumes of gas multiplied by its Shipper Specific Heating Value in an amount less than or equal to its cumulative Unutilized Volumes and COMPANY shall schedule such volumes to the extent that COMPANY has capacity available; provided that such volumes transported under SHIPPER's IT Service Agreement as set forth below shall be deemed to be transported at the maximum lawful IT rate for purposes of allocating IT Service under Section 12.2(b)(iv) of the General Terms and Conditions. Such volumes shall be transported under SHIPPER's FT-2 Service Agreement, except that, to the extent that the quantity of gas that SHIPPER delivers to COMPANY on a day exceeds the TD in effect for such day under SHIPPER's FT-2 Service Agreement, such excess quantity shall be transported under SHIPPER's IT Service Agreement. To the extent that the quantity of gas that SHIPPER delivers to Destin on a day exceeds 70% of SHIPPER's Transportation Demand in effect for such day under SHIPPER's FT-2 Service Agreement, then such quantity in excess of 70% of SHIPPER's TD (including such quantities shipped under the IT Service Agreement), shall be transported at a rate equal to the minimum IT rate in effect at the time of service, plus Surcharges and fuel, until the cumulative Unutilized Volumes are reduced to zero. The cumulative Unutilized Volumes shall be reduced each day by such quantities transported at a rate equal to the minimum IT rate, as described above. Transportation of Unutilized Volumes hereunder shall be subject to the following limitations:

- (a) Cumulative Unutilized Volumes may be utilized for a period beginning on the date following repair or replacement of the damaged or destroyed platform(s) or production facilities that SHIPPER makes gas available to COMPANY from the Exhibit A Leases and ending three (3) years thereafter.
- (b) Cumulative Unutilized Volume credits are not assignable except in connection with an assignment of the related Rate Schedule FT-2 Service Agreement;
- (c) The banking provision in this Section 4 is available only to SHIPPERS contracting directly with COMPANY for firm transportation under Rate Schedule FT-2 and to ACQUIRING

SHIPPERs that have acquired capacity under Rate Schedule FT-2 pursuant to a Permanent Release under Section 18 of the General Terms and Conditions; and

- (d) Transportation of cumulative Unutilized Volumes shall be permitted only to the extent that COMPANY has capacity available.

The term "Supervening Cause," as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, lightening, earthquakes, fires, storms, storm warnings, floods, washouts, arrest and restraints of governments and people, civil disturbances, explosions, breakage or accidents to platforms, equipment, machinery or lines of pipe (including collisions or impacts by vessels or aircraft), extreme weather conditions, actions of governmental authorities or courts prohibiting performance by SHIPPER of its obligations hereunder, and any other causes not reasonably within the control of SHIPPER and which, by the exercise of due diligence, SHIPPER has been or is unable to prevent or overcome, whether affecting SHIPPER or its contractors or subcontractors. Changes in prices or market conditions or general factors making performance inconvenient or unprofitable shall not be considered Supervening Causes. Notwithstanding the foregoing, a Supervening Cause shall not include the failure to obtain required rights of way from public or private landowners, the maintenance of wells, equipment or pipelines, or any cause, the occurrence of which would be contrary to SHIPPER's obligations hereunder. SHIPPER shall notify COMPANY in writing of a Supervening Cause as soon as practicable after the occurrence of same, but in no event later than thirty (30) days after the occurrence of same, and shall promptly proceed to remove or cure such events using due diligence.

5. REQUESTS FOR FT-2 TRANSPORTATION SERVICE

- (a) Any party desiring transportation service under Rate Schedule FT-2 must provide the information required by Section 2 of the General Terms and Conditions and the following information in order to qualify for transportation service:
 - (i) Production Profile. The TD to be transported shall be supported by a life of lease production forecast for the Committed Lease(s) prepared by SHIPPER or the operator(s) of the Committed Lease(s), which reflects production build-up and expected production throughout the life of the lease. SHIPPER may request a separately stated TD under its FT-2 transportation Service Agreement for specified delivery periods of not less than 3 consecutive months; provided, however, that such separately stated TDs are supported by a life of lease production forecast for the Committed Lease(s) prepared by SHIPPER or the operator(s) of the Committed Lease(s). In addition the proposed commencement and termination dates of service shall be supported by the production forecast submitted pursuant to this section.
 - (ii) Subject to the execution of a mutually acceptable confidentiality agreement, SHIPPER's life of lease production profile shall be accompanied by either (A) technical data necessary to support the production profile and demonstrate

that SHIPPER's requested TDs are supported by the production profile, or (B) a report issued by one of the engineering firms listed on Appendix A to this Rate Schedule supporting SHIPPER's production profile and requested TDs. If SHIPPER elects to establish its life of lease production profile and TDs with a report from an engineering firm in accordance with (B) above, then SHIPPER shall furnish to such engineering firm, subject to a mutually acceptable confidentiality agreement, all information SHIPPER is required to submit to COMPANY under this Rate Schedule FT-2 and such other technical data as may be appropriate to enable the engineering firm to provide to COMPANY an opinion that on the basis of such data SHIPPER's production profile and requested TDs appear reasonable. The cost of such engineering report shall be borne by SHIPPER.

- (iii) Committed Lease(s). Information provided shall include identification of the OCS Lease(s) or State Waters Lease(s) that define the Committed Lease(s), SHIPPER's interest therein, and production development plans, including facilities design capacity.

- (b) On or before October 1 of each year SHIPPER's FT-2 Service Agreement is in effect, SHIPPER shall update its production profile to support its TDs and, when available, provide an actual production history for its Committed Lease(s), and an update of its technical data, which may be used by COMPANY in evaluating the reasonableness of SHIPPER's proposed TDs. SHIPPER shall reduce its TDs as may be appropriate based on the updated production profile. TDs may be increased based on the updated production profile only to the extent firm capacity is available and not previously committed to another shipper. COMPANY shall have the right to require SHIPPER to reduce its TDs based on an updated production profile. SHIPPER and COMPANY shall amend (effective April 1 of the following year) Exhibits A and B to the FT-2 Service Agreement to conform the TDs with the updated production profiles in accordance with the above. When considering a system expansion or evaluating a SHIPPER's request for a permanent release of quantities of production from Committed Lease(s), COMPANY may require that SHIPPER update its production information to support its TDs, and SHIPPER shall provide such information; provided, however, that COMPANY shall not require such updates more often than two times within any calendar year.

- (c) If in COMPANY's judgment the submitted estimated production profile (including updates) and TDs provided in (a) or (b) are not reasonable, then, subject to a mutually acceptable confidentiality agreement, COMPANY and SHIPPER shall meet and review the associated technical data or engineering report that is the basis for the estimated production profile submitted by SHIPPER. COMPANY and SHIPPER shall make a good faith attempt to concur on an estimated production profile and TDs which shall be utilized pursuant to this section. If the parties cannot reach agreement on an estimated production profile and TDs, then the technical data shall be supplied to a mutually acceptable and technically competent third party on a confidential basis to develop an estimated production profile which shall be utilized pursuant to this Section. All third

party costs shall be equally borne by SHIPPER and COMPANY. COMPANY and SHIPPER shall amend Exhibits A and B to the Service Agreement to reflect the TDs supported by the production profile utilized.

- (d) SHIPPER shall have the right, at any time and from time to time, to permanently change , in whole or in part, the TD under its transportation Service Agreement, for any Delivery Period(s) set forth on Exhibit A thereto, on six (6) months prior written notice to COMPANY; provided that any increase in Transportation Demand shall be subject to availability of firm capacity on COMPANY's system; provided further that such change shall be made effective for an entire Delivery Period and only at the beginning of a Delivery Period that commences subsequent to the six-month notice period.
- (e) Notwithstanding anything herein to the contrary, if at any time a federal lessor elects pursuant to its lease with SHIPPER to take-in-kind its royalty share of gas produced from the Exhibit A Leases, SHIPPER's Transportation Demand quantity shall be reduced upon thirty (30) days prior written notice by SHIPPER, to a level that reflects SHIPPER's working interest share of such gas, net of such royalty gas. Thereafter, whenever the United States elects not to take-in-kind its royalty share of gas, SHIPPER's Transportation Demand quantity shall be increased, upon thirty (30) days prior written notice by SHIPPER, to a level that reflects SHIPPER's full working interest share of such gas, subject to available capacity.

6. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Although services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis, COMPANY's obligation under this Rate Schedule to deliver gas to or for the account of SHIPPER on any day of transportation is limited to making available to SHIPPER at the Delivery Point(s) Equivalent Quantities of gas. SHIPPER's right under this Rate Schedule to take gas at a Delivery Point on a day of transportation is limited to taking Equivalent Quantities of gas.
- (b) It is recognized that because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on a uniform basis, and COMPANY will cooperate with SHIPPER in this effort.

7. EMERGENCY CONDENSATE TRANSPORTATION

In the event that a hurricane interrupts Shipper's movement of condensate, produced in association with the gas transported under this Rate Schedule, through liquids pipeline(s) receiving such condensate at the platform(s) or other point(s) of production associated with the Receipt Points on Exhibit A to Shipper's FT-2 Service Agreement, then Company shall, to the

extent permitted by law, use diligent efforts to permit Shipper to inject such condensate into Company's pipeline system on a temporary basis; provided that (i) Company has available capacity on its pipeline system and onshore slugcatcher, (ii) that such injection of condensate by Shipper will not adversely affect Company's services to its other shippers, (iii) Shipper executes with Company an interruptible hydrocarbon liquids transportation agreement and meets the liquids quality specifications set forth in said agreement, and (iv) Shipper installs any necessary facilities and metering on said platform(s) or other point(s) of production at its sole cost and expense; provided, however, that Company shall have approval authority over any plans or designs for such facilities and metering. The quantity of condensate to be transported and time period for providing such hydrocarbon liquids transportation service shall be as determined in Company's sole discretion and shall be subject to Company's and Shipper's obtaining any necessary regulatory approval(s).

8. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to said General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof. If and to the extent the provisions of this Rate Schedule conflict with provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

APPENDIX A

ENGINEERING FIRMS

1. Ryder Scott Company Petroleum Engineers
2. Netherland, Sewell & Associates, Inc.
3. H.J. Gruy & Associates, Inc.
4. DeGolyer & MacNaughton Petroleum Consultants
5. Purvin & Gertz, Inc.

RATE SCHEDULE IT
Interruptible Transportation Service

1. AVAILABILITY

- (a) This Rate Schedule is available to any party (SHIPPER) that requests transportation of natural gas on an interruptible basis from Destin Pipeline Company, L.L.C. (COMPANY) when:
 - (i) COMPANY's pipeline facilities have sufficient capacity and are able to provide said transportation;
 - (ii) SHIPPER has complied with the requirements of Section 2 of the General Terms and Conditions applicable to this Rate Schedule; and
 - (iii) SHIPPER and COMPANY have executed a Service Agreement for service under this Rate Schedule.
- (b) COMPANY shall not be obligated to construct, modify, or acquire facilities to perform transportation services under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all interruptible transportation service rendered by COMPANY for SHIPPER pursuant to Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.
- (b) The transportation services performed under this Rate Schedule shall be on an interruptible basis and shall be further subject, in COMPANY's sole judgment, to the availability of capacity in COMPANY's pipeline facilities and to the operating conditions and system requirements of COMPANY. Interruptible transportation services under this Rate Schedule shall have a priority subordinate to COMPANY's transportation services provided pursuant to COMPANY's firm Rate Schedules and the General Terms and Conditions applicable thereto contained in COMPANY's FERC Gas Tariff.

3. RATES AND CHARGES

- (a) For transportation services rendered for SHIPPER each month under this Rate Schedule, SHIPPER shall pay COMPANY the following:

Transportation Charge: The applicable rate as set forth on the currently effective rates for Rate Schedule IT multiplied by the sum of the quantities of gas (in Mcf) received for

SHIPPER's account each day of the month multiplied by the average Shipper Specific Heating Value for the month.

- (b) The currently effective rates for Rate Schedule IT set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. SHIPPER shall pay the maximum rates for service under this Rate Schedule unless COMPANY, in its reasonable judgment, agrees to discount its rates to SHIPPER under this Rate Schedule. Any discount agreed to by COMPANY and the effective period thereof shall be stated on an executed Exhibit C to the Service Agreement, shall be granted consistent with the applicable provisions of Section 30 of the General Terms and Conditions, and shall be made on a not unduly discriminatory basis. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified as set forth on the currently effective rates for Rate Schedule IT.
- (c) In addition to the charges specified above, unless otherwise agreed to by COMPANY and in accordance with FERC Regulations, SHIPPER shall pay to COMPANY the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
 - (i) ACA charge: An Annual Charge Adjustment charge as prescribed by Section 23 of the General Terms and Conditions of COMPANY's FERC Gas Tariff and as set forth on the currently effective rates for Rate Schedule IT, as said charge may be changed from time to time.
 - (ii) Facilities: All costs, including reasonable overheads, actually incurred by COMPANY in the construction and installation, modification, and/or acquisition of facilities for the receipt, measurement, or transportation of gas for SHIPPER's account which SHIPPER requests and COMPANY, in its reasonable discretion, agrees to construct, install, modify, and/or acquire including acquisition of any interests in real estate and permits associated with the facilities. Title and ownership of such facilities, however, shall remain in COMPANY. SHIPPER shall pay COMPANY for such costs within ten (10) days of receipt of COMPANY's invoice detailing the amount of such costs.
 - (iii) Fuel retained: A percentage of the quantity of gas delivered by SHIPPER for transportation and accepted by COMPANY at the Receipt Point(s) as gas which shall be deemed to have been used for compressor fuel and gas otherwise used, lost, or unaccounted for in COMPANY's operations. The percentage of the quantity of gas retained by COMPANY for such purposes shall be as set forth on the currently effective rates for Rate Schedule IT as determined pursuant to the provisions of Section 24 of the General Terms and Conditions of COMPANY's FERC Gas Tariff.

4. SIMULTANEOUS RECEIPT AND DELIVERY OF GAS

- (a) Although services under this Rate Schedule will be provided on the basis that gas will be received and delivered by COMPANY on a simultaneous basis, COMPANY's obligation under this Rate Schedule to deliver gas to or for the account of SHIPPER on any day of transportation is limited to making available to SHIPPER at the Delivery Point(s) Equivalent Quantities of gas. SHIPPER's right under this Rate Schedule to take gas at a Delivery Point on a day of transportation is limited to taking Equivalent Quantities of gas.
- (b) It is recognized that because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by COMPANY for transportation under this Rate Schedule and the daily quantities of gas delivered by COMPANY. SHIPPER shall use every reasonable effort to ensure that receipts and deliveries remain in balance on a uniform basis.

5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this Tariff, including from and after their effective date any future modifications, additions, or deletions to said General Terms and Conditions, are applicable to the transportation services rendered under this Rate Schedule and, by this reference, are made a part hereof. If and to the extent the provisions of this Rate Schedule conflict with provisions of said General Terms and Conditions, the provisions of this Rate Schedule shall prevail.

Part VI
GENERAL TERMS AND CONDITIONS

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) Business day - Monday through Friday, excluding Federal Banking holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico.
- (b) Btu - A British Thermal Unit measured at a pressure of 14.73 psia at 60 degrees Fahrenheit (101.325 kPa and 15 degrees Celsius) on a dry basis. The standard Btu is the International Btu, which is also called the Btu (IT). Btu shall be reported to 3 or more decimal places.
- (c) Central Clock Time - The time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise specified herein, all times stated in this tariff are Central Clock Time.
- (d) Contract Year - The period commencing on the date of SHIPPER's Service Agreement with COMPANY and ending 365 consecutive days later (or 366 days if that period includes a leap year.)
- (e) Critical notices - Those notices issued by COMPANY which contain information about conditions that affect scheduling of service by COMPANY or adversely affect scheduled gas flow.
- (f) Cubic Foot - The quantity of gas necessary to fill a cubic foot of space when the gas is at an absolute pressure of 14.73 pounds per square inch and at a temperature of 60 degrees Fahrenheit on a dry basis. (For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees Celsius, and dry.)
- (g) Day - A period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Clock Time. The date of a day shall be that of its beginning.
- (h) Dekatherm (Dth) - The standard quantity for purposes of nominations, scheduling, confirmation, invoicing, balancing, and rates in the United States. One Dth is equivalent to 1,000,000 Btus.
- (i) Delivery Point - The point of delivery for quantities of gas to be delivered by COMPANY to SHIPPER, as described in the transportation Service Agreement.

- (j) Equivalent Quantities - Unless otherwise stated in the transportation Service Agreement, the thermal quantities of gas received by COMPANY at the Receipt Point(s), or upstream measurement point, for transportation, as reduced for (i) the thermal equivalent of Liquefiabiles attributable to SHIPPER's receipt volumes, and (ii) the FRP.
- (k) Fuel Retention Percentage (FRP) - SHIPPER's reimbursement to COMPANY for fuel as provided in Section 24.
- (l) FERC Gas Tariff or Tariff - The currently effective Volume No. 1 of COMPANY's tariff for Part 284 transportation services on file with the Commission, consisting of rates, rate schedules, general terms and conditions, and forms of service agreements.
- (m) NAESB - The North American Energy Standards Board, formerly the Gas Industry Standards Board (GISB).
- (n) NAESB Standard - The standards issued by NAESB and adopted by the Federal Energy Regulatory Commission for interstate natural gas companies.
- (o) Gigajoule - The Standard quantity for nominations, confirmations and scheduling per gas day in Canada. One gigajoule is equivalent to 1,000,000,000 joules. For commercial purposes, the Standard conversion factors between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard joule is the joule specified in the SI system of units.
- (p) Interactive Internet Website – Shall mean Transportation Service Provider's web based browser application for allowing shippers, agents, operators and confirming parties to enter, view and maintain nominations and confirmations via the internet.
- (q) Internet Web Site – Shall mean Transportation Service Provider's public information system found on the World Wide Web at address: www.destinpipeline.com through which can be accessed, Company's Interactive Internet Website for scheduling and nomination services.
- (r) Intraday Nomination - A nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day.
- (s) Liquefiabiles - Those hydrocarbons produced in conjunction with gas received and transported through COMPANY's pipeline system and included in the gas stream at the point of measurement, which are either condensed in the pipeline or are liquefied by, recovered by, lost and/or consumed by a gas processing plant and which are not redelivered to COMPANY's pipeline system downstream of such plant.
- (t) Liquids - Those hydrocarbon liquids (commonly called "condensate") produced in association with gas transported through COMPANY's pipeline system and which are

injected into said system and finally removed from the system at a liquid separation facility; provided, however, that liquids shall not include crude oil.

- (u) Maximum Daily Delivery Quantity (MDDQ) - For each Delivery Point, the maximum quantity of gas which COMPANY is obligated to deliver for SHIPPER's account. For firm transportation under Rate Schedules FT-1 and FT-2, the MDDQ shall be specified on Exhibit B to the Service Agreement between COMPANY and SHIPPER and shall be stated in Mcf. For all other Delivery Points, the MDDQ is the lesser of (i) the amount nominated by SHIPPER and scheduled by COMPANY for transportation under a Service Agreement on a day, or (ii) the maximum quantity of gas COMPANY is capable of delivering at said point as determined by COMPANY from time to time.
- (v) Maximum Daily Receipt Quantity (MDRQ) - For each Receipt Point, the maximum quantity of gas which COMPANY is obligated to accept for transportation for SHIPPER's account. For firm transportation under Rate Schedules FT-1 and FT-2, the MDRQ shall be specified on Exhibit A to the Service Agreement between COMPANY and SHIPPER and shall be stated in Mcf. For all other Receipt Points, the MDRQ is the lesser of (i) the amount nominated by SHIPPER and scheduled by COMPANY for transportation under a Service Agreement on a day, or (ii) the maximum quantity of gas COMPANY is capable of receiving at said point as determined by COMPANY from time to time.
- (w) Mcf - 1,000 cubic feet of natural gas.
- (x) Month - A period beginning on the first day of the calendar month and ending on the commencement of the first day of the next succeeding calendar month.
- (y) Natural Gas or Gas - Natural gas processed or unprocessed, vaporized liquid natural gas, or any mixture of these gases which meets the quality specifications set out in Section 3 of these General Terms and Conditions.
- (z) Percentage PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage provided for each line item.
- (aa) Point Code(s) - The numerical code maintained by COMPANY to identify each Receipt Point and Delivery Point on COMPANY's pipeline system.
- (ab) Pro Rata PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the total quantity to be allocated is multiplied by the ratio established by taking each scheduled line item and dividing it by the total line items applicable to the quantity to be allocated.
- (ac) Ranked PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the line item nomination with

the lowest rank value is allocated before the next sequentially higher-ranked line item nomination.

- (ad) Receipt Point - The point of delivery for quantities of gas to be delivered by SHIPPER to COMPANY, as described in the transportation Service Agreement.
- (ae) Shipper Specific Heating Value - The total heating value applicable to the quantity of gas that a specific SHIPPER delivers to COMPANY at a Receipt Point for transportation under a transportation Service Agreement. If SHIPPER delivers gas to COMPANY at multiple Receipt Points, then for non-Receipt Point specific purposes, Shipper Specific Heating Value shall be the weighted average of the Shipper Specific Heating Value at each applicable Receipt Point.
- (af) Swing PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where one of the scheduled line items, or alternatively a separate contract, is designated as the "swing." All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items, in accordance with the instructions provided with the PDA. The swing line item(s)/contract is not permitted to be allocated a quantity which would result in a negative number, therefore any negative quantity is allocated to the remaining scheduled line items on a pro rata basis.
- (ag) Systemwide Btu - The adjustment for an average system thermal content of 1,050 Btu.
- (ah) Total Heating Value - The number of Btus produced by the complete combustion with air, at a constant pressure, of 1 anhydrous (dry) cubic foot of gas, at a temperature of 60 degrees Fahrenheit and under a pressure of 14.73 psia, and when the products of combustion are cooled to the initial temperature of the gas and air and all water formed by combustion is condensed to the liquid state.
- (ai) Transportation Demand (TD) - The maximum volume of gas that COMPANY shall be obligated to receive for transportation on any day pursuant to a Service Agreement under the FT-1 or FT-2 Rate Schedules. The Transportation Demand shall be stated in the Service Agreement in Mcf.
- (aj) Gigacalorie - The Standard quantity for nominations, confirmations and scheduling per gas day in Mexico. One gigacalorie is equivalent to 1,000,000,000 calories. For commercial purposes, the standard conversion factor between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The reporting basis for gigacalorie is 1.035646 Kg/cm² and 15.6 degrees C and dry.
- (ak) Daily Allocation – The term used to describe the process where the Allocated Party performs the allocation process following each gas day.

- (al) Monthly Allocation – The term used to describe the process where the Allocating Party performs the allocation process at the end of the monthly flow period.
- (am) For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the releasing shipper. The Rate Floor may not be less than COMPANY'S minimum reservation rate or zero cents when there is no stated minimum reservation rate.
- (an) For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default.

GENERAL TERMS AND CONDITIONS

2. INQUIRIES AND CONDITIONS FOR SERVICE

2.1 Requests for Service. Any inquiries regarding the availability of transportation service and the rates charged for such service should be directed to COMPANY's Business Development Department. COMPANY shall inform each potential SHIPPER inquiring about service as to the availability of and rates applicable to a particular service and shall mail to any potential SHIPPER interested in service a copy of COMPANY's transportation Rate Schedules, as appropriate, the General Terms and Conditions, and the transportation rates applicable thereto as contained in COMPANY's FERC Gas Tariff. The procedures for submitting valid requests for transportation service are as follows.

- (a) General Requirements. Requests for transportation under Rate Schedules FT-1, FT-2 or IT shall be provided on Company's Internet Web Site or in writing to COMPANY in the format set out in the Transportation Request Form to the attention of the COMPANY's Business Development Department, 550 Westlake Park Boulevard, Houston, TX 77079. To be considered a valid request for service, service must be requested to begin within ninety (90) days under Rate Schedules FT-1 and FT-2, except in cases where the request involves the completion of construction by COMPANY or SHIPPER of any necessary facilities or the issuance of any necessary certificate authorization to COMPANY, in which instance service shall begin as provided in Article 5 of the applicable Service Agreement. To be considered a valid request for service, this request must be submitted with a prepayment made by wire transfer to COMPANY for Rate Schedule FT-1 in an amount equal to the total Reservation Charge applicable to the requested service for a three-month period and for Rate Schedule FT-2 in an amount equal to the total Reservation Charge applicable to the requested service for a three-month period calculated at SHIPPER's peak TD, with a maximum prepayment of \$500,000 per SHIPPER under either Rate Schedule. In the event that COMPANY is unable to provide the requested service, the prepayment shall be refunded without interest. The prepayments plus any accrued interest thereon calculated at month-end at the LIBOR (one month) rate shall be credited to SHIPPER in the first monthly billing for the requested service and each month thereafter until the credit is used. In the event that a Service Agreement in response to a request for service under Rate Schedules FT-1 or FT-2 is tendered by COMPANY, but is not executed by SHIPPER and returned within 20 days after COMPANY's tender, the request for service shall be deemed invalid and COMPANY shall be entitled to retain the entire prepayment submitted with the service request.

The request shall contain all of the following information to be deemed a valid request.

- (i) Full legal name of SHIPPER, identity of the SHIPPER, address, Dun & Bradstreet number, contact person, 24-hour beeper and/or telephone number, 24-hour facsimile machine number (if available), three (3)

contact persons for emergencies, type of legal entity, and if a corporation, state of incorporation;

- (ii) The Transportation Demand requested for firm service;
- (iii) Requested term of service, including proposed commencement and termination dates;
- (iv) For service under Rate Schedules FT-1 and FT-2 the name and Receipt Point Code Number (if known) or detailed description of each firm Receipt Point and Maximum Daily Receipt Quantity at each Receipt Point requested;
- (v) For service under Rate Schedules FT-1 and FT-2 the name and Delivery Point Code Number (if known) or detailed description of each firm Delivery Point and Maximum Daily Delivery Quantity at each Delivery Point requested;
- (vi) For each firm Receipt Point, the name of the pipeline, gatherer, production facilities operator, or other entity delivering the gas into COMPANY's system (which information is not required until the Service Agreement is executed), the name of the production facilities operator, and a contact person and 24-hour telephone and facsimile machine number(s) for that entity;
- (vii) A certification by SHIPPER that SHIPPER has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of service under a transportation Service Agreement with COMPANY;
- (viii) A certification by SHIPPER that SHIPPER has title or a current contractual right to acquire title to the gas to be delivered to COMPANY;
- (ix) Most recent audited financial statements and three (3) credit references in order to enable COMPANY to evaluate SHIPPER's creditworthiness; and
- (x) The affiliation, if any, of SHIPPER with COMPANY.

Subject to the execution of a mutually acceptable confidentiality agreement, requests for transportation service under Rate Schedule FT-2 shall contain the following additional information to be deemed a valid request:

- (xi) identification of the Lease(s) to be committed under Rate Schedule FT-2 (and supporting documentation);
 - (xii) Schedule of Transportation Demand for specified delivery periods of 3 consecutive months or more;
 - (xiii) a life of lease production forecast for the Committed Lease(s) prepared by Shipper or by the Operator, which forecast supports the proposed Transportation Demand and either technical data supporting the production forecast and TDs or a report issued by one of the engineering firms listed on Appendix A to Rate Schedule FT-2 supporting the production profile and requested TDs;
 - (xiv) Production development plans, including facilities design capacity; and
 - (xv) estimated total quantity of gas to be transported during the term of service in Mcf.
- (b) Transportation Log. Valid requests for service shall be deemed to have been made and will be entered into the Transportation Log as of the date SHIPPER complies with Section 2.1(a) above. Valid requests will be entered into the Transportation Log as of the date and time said request is received by COMPANY's Business Development Department. In the event SHIPPER makes substantive revision(s) to the information after the initial request and before execution of a Service Agreement, the request will be deemed to be received as of the date of the last revision.
- (c) Priority of Service Requests. All valid requests for firm transportation service under Rate Schedules FT-1 and FT-2 received by COMPANY shall be awarded by COMPANY on a first come first served basis according to the order in which requests are received by COMPANY's Business Development Department, subject to the further provisions hereof. COMPANY is not obligated to award firm capacity to any SHIPPER which is not willing to pay the maximum rates for such service except as provided in the Precedent Agreements.
- (d) Delivery Point Allocation. All requests for firm transportation service (including requests pursuant to temporary capacity releases) which are awarded by COMPANY pursuant to this Section 2.1 shall be awarded based on available pipeline and delivery point capacity. If COMPANY at its own expense constructs any additional pipeline interconnections COMPANY shall post on Company's Internet Web Site the availability of capacity at such points for a window period of not less than 30 days and allocate such capacity based on the requests received.

- (e) **Requests When Capacity Not Available.** COMPANY shall not be obligated to accept any request for firm transportation service unless adequate firm capacity is available without the construction of additional facilities by COMPANY on every portion of COMPANY's system (including Receipt and Delivery Point(s)) which would be utilized in such transportation and throughout the year. To the extent that firm capacity becomes available (excluding capacity resulting from a system expansion), then COMPANY shall post the capacity on Company's Internet Web Site and accept bids on the posted capacity for a period of not less than 15 days. Capacity subject to bidding hereunder shall be awarded first to the contracts generating the highest net present value (NPV); provided that COMPANY is not obligated to award firm capacity to any SHIPPER which is not willing to pay the maximum rates for such service; provided further that calculation of NPV for requests under Rate Schedule FT-2 shall be based on SHIPPER's requested TDs over the life of the reserves based on the production profile submitted by SHIPPER and accepted by COMPANY in its request for service. COMPANY shall calculate the NPV for FT-2 SHIPPERS by using the 70% throughput requirement to determine revenues generated for service under Rate Schedule FT-2. The NPV is the discounted cash flow of incremental revenues per Dth to COMPANY produced, lost or affected by the requests for service and shall be based upon the term, rate and date on which the requested service is requested to commence. The discount factor used to determine the NPV will be the current FERC interest rate.
- (f) **Service Agreement.** Within ten (10) business days, or a mutually agreed-upon time, after its receipt of all of the information required in Section 2.1(a), subject to the provisions of Sections 2.1(e) and 2.1(g) hereof, COMPANY shall prepare and tender electronically on Company's Interactive Internet Website or in writing to SHIPPER for execution a Service Agreement and Reserve Commitment Agreement, if applicable, under the applicable transportation Rate Schedule in the Original format attached to this Tariff.
- SHIPPER shall execute this Service Agreement electronically on Company's Interactive Internet Website or in writing and if submitted on Company's Interactive Internet Website shall follow up with execution of a transportation Service Agreement in writing as soon as possible thereafter. SHIPPER shall execute the Reserve Commitment Agreement, if applicable, on Company's Interactive Internet Website or in writing on or before execution of the Service Agreement and such execution on Company's Interactive Internet Website shall be followed up in writing as soon as possible. If SHIPPER fails to execute and return to COMPANY the Service Agreement and Reserve Commitment Agreement, if applicable, within twenty (20) days of the date tendered, SHIPPER's transportation request shall be deemed invalid.
- (g) **Insolvency.** COMPANY shall not be required to perform services under a transportation Service Agreement for any SHIPPER who is or has become

insolvent, or who fails to demonstrate creditworthiness, or who fails to make payments pursuant to Section 15 hereof (except if SHIPPER has disputed a bill and made provision for such payment in accordance with Section 15.3 hereof); provided, however, such SHIPPER may receive service if SHIPPER makes a security deposit in an amount equal to the cost of performing the maximum transportation service requested by SHIPPER for a three (3) month period, furnishes good and sufficient surety, as determined by COMPANY in its reasonable discretion, in an amount equal to the cost of performing the maximum transportation service requested by SHIPPER to include estimated cashouts for a three(3) month period, or furnishes a guaranty from a creditworthy party that said creditworthy party will be responsible for payment of all charges and penalties assessed by COMPANY but not paid by SHIPPER.

- (h) Addition/Deletion of Receipt and Delivery Points. Subject to other provisions of COMPANY's firm transportation Rate Schedules, Section 2.1(d) above, and these General Terms and Conditions, Receipt Point(s) and Delivery Point(s), if applicable, may be added to or deleted from Exhibits A and B to a Service Agreement, and the Maximum Daily Receipt Quantities, or Maximum Daily Delivery Quantities, if applicable, may be increased or decreased, or the term of any Service Agreement may be extended wherein the parties have agreed to an "evergreen" or "rollover" provision; provided that the Transportation Demand specified in the Service Agreement is not increased. Such changes shall not affect SHIPPER's priority of service under a Rate Schedule. To request any of the changes to a Service Agreement specified above, SHIPPER shall submit a request electronically on Company's Interactive Internet Website or in writing in the form set forth in Section 2.1(a) above.

2.3 POOLING

(a) GENERAL

A paper pooling point ("Pool") will be designated on COMPANY's System for every effective Pooling Agreement executed pursuant to this Section 2.3. This point is not a physical point on the System, but is to be used solely for nomination and scheduling purposes in order to allow SHIPPER to aggregate gas supplies. Subject to the terms of this Section, any number of FT-1, FT-2 or IT Agreements may be utilized to deliver gas to a Pool. SHIPPERS will be able to nominate gas volumes from one or more Receipt Points for delivery to a Pool in order to aggregate supplies as long as such gas volumes are nominated for simultaneous receipt and delivery to the Delivery Points by COMPANY under a Pooling Agreement.

(b) REQUEST FOR POOLING AGREEMENT

Any party may establish a Pool by requesting and executing a Pooling Agreement in the form set forth in the Tariff. A party that executes a Pooling Agreement with COMPANY shall be referred to as a "Pooler." The Pooling Agreement must be executed before a Pool is established for a SHIPPER to

nominate gas into or out of the Pool. At least ten (10) days prior to the date SHIPPER desires to nominate quantities of gas for delivery to and from a Pool pursuant to SHIPPER's Service Agreement, SHIPPER shall provide, or cause its seller to provide, as appropriate, a request for a Pooling Agreement. The request shall be submitted electronically on Company's Interactive Internet Website or in writing to COMPANY's Business Development Department, 550 Westlake Park Boulevard, Houston, TX 77079, and shall include the following information to be deemed a valid request:

- (i) Full legal name of requesting party, Dun and Bradstreet number, identity of the party (e.g. marketer, producer, etc.), complete addresses for notices, dispatching and invoices, contact person, 24-hour beeper and/or telephone number, 24-hour facsimile machine number, three (3) contact persons and a 24-hour telephone or beeper number for emergencies, type of legal entity and, if a corporation, the state of incorporation;
- (ii) Most recent audited financial statement and three (3) credit references in order to enable COMPANY to evaluate the requesting party's creditworthiness. Upon receipt of all of the required information and a determination of creditworthiness or the provision of approved credit support as set forth in Section 2.1(g) above, COMPANY shall prepare and tender electronically on COMPANY's Interactive Internet Website to the requesting party a Pooling Agreement in the Original format set forth in Appendix C to these General Terms and Conditions. This Agreement must be executed electronically on COMPANY's Interactive Internet Website or in writing, complete and unrevised, before the requesting party shall be eligible to nominate gas to and from its Pool. The provisions of this Section 2.3 and the terms and conditions of the Pooling Agreement shall govern to the extent of any conflict with a transportation Service Agreement.

(c) INCLUSION IN AGREEMENTS

Each Pooler will have the ability to nominate deliveries to any Delivery Point on the System, subject to the availability of capacity based on the priorities of service of the underlying transportation Service Agreements pursuant to Section 2.3(g) below. At its option, an FT-1 or FT-2 SHIPPER may designate a Primary Delivery Point from its FT-1 or FT-2 Agreement to a Pooling Agreement in which event the Pool shall have the priority to such point on a primary firm basis, up to the MDQ in Exhibit B of the FT-1 or FT-2 Agreement, while such designation is in effect. In the event FT-1 or FT-2 SHIPPERS have not designated their primary Delivery Point rights to the Pool but have elected to retain their Primary Delivery Point rights under their own FT-1 or FT-2 Service Agreement, the priority of the Pool to deliver volumes to the Delivery Point will be on an interruptible basis.

(d) USE OF POINTS

Nominations to and from the Pool will be subject to the same nomination and confirmation procedures as all other receipts and deliveries on COMPANY's System, as more particularly described in

Section 12. All volumes nominated for transportation to a Pool on any day must be matched with equivalent nominations of volumes for transportation from the Pool on the same day. SHIPPER may initially nominate its gas supplies into only SHIPPER's Pool established on COMPANY's System.

(e) CHARGES

There will be no transportation rates or Fuel charges applied to the transportation of gas from a Pool. The applicable transportation charges and Fuel Reimbursement will be charged under the applicable FT-1, FT-2 or IT Agreement used to transport the gas to the Pool. COMPANY reserves the right to file pursuant to Section 4 of the Natural Gas Act to implement charges for providing the Pooling described hereunder.

(f) RECEIPTS AND DELIVERIES

For purposes of allocating volumes to the Pooling Agreement, all volumes nominated to the Pool will be considered received by the Pool. In the event nominations from the Pool to the Delivery Point(s) do not equal actual deliveries on any day, an imbalance will be allocated to the Pooling Agreement, and any imbalance accrued under a Pooler's Pooling Agreement will be resolved pursuant to the terms of Section 14 herein.

(g) PRIORITY OF SERVICE

In the event capacity at any of the Delivery Points is constrained or supplies from any of the transportation agreements nominating into the Pool are reduced, gas nominated under a Pooling Agreement shall be scheduled on a pro rata basis with other scheduled services according to the priority of service of the underlying Service Agreements. For this purpose, the Pooler shall provide COMPANY with a ranking of Delivery Points and volumes so that COMPANY may schedule deliveries out of the Pool based on such rankings.

2.4 Operational Balancing Agreement Requests. Any pipeline operator who meets the conditions of Section 13.3 of the General Terms and Conditions and wishes to request an Operational Balancing Agreement shall submit a request electronically on Company's Interactive Internet Website or in writing to COMPANY's Business Development Department, 550 Westlake Park Boulevard, Houston, TX 77079, and include the following information to be deemed a valid request:

- (a) Full legal name of requesting party, identity of the party (e.g. interstate pipeline, gatherer, etc.), complete addresses for notices, dispatching and invoices, contact person, 24-hour beeper and telephone number, 24-hour facsimile machine number, three (3) contact persons and a telephone number for emergencies, type of legal entity and, if a corporation, the state of incorporation;

- (b) The Receipt or Delivery Point(s) (name and COMPANY point code) for which the Operational Balancing Agreement is requested; and
- (c) Most recent audited financial statement and three (3) credit references in order to enable COMPANY to evaluate the requesting party's creditworthiness.

Upon receipt of all of the required information and a determination of creditworthiness or the provision of approved credit support as set forth in Section 2.1(g) above, COMPANY shall prepare and tender to the requesting party an Operational Balancing Agreement in the form set forth in this Tariff, or as may be negotiated by the parties. This Agreement must be executed before the allocation method under Section 13.3 hereof shall be effective.

General Terms and Conditions

3. QUALITY

3.1 Specifications

The gas delivered for transportation under services provided in this Tariff shall comply with the following specifications:

- (a) All gas delivered by SHIPPER to COMPANY shall be merchantable gas free of dusts, gums, gum-forming constituents, iron oxides, salts, sands, and any other objectionable liquids or solids which, in COMPANY's sole opinion, might adversely affect the transportation, utilization, or merchantability of the gas.
- (b) Heating Value: All gas shall have a minimum heating value of 1,000 Btu/cf (Gross, Dry at 14.73 PSIA and 60°F) and a maximum heating value of 1,075 Btu/cf (Gross, Dry at 14.73 PSIA and 60°F). SHIPPER may deliver gas into COMPANY's pipeline which has a heating value up to 1,300 Btu/cf (Gross, Dry at 14.73 PSIA and 60°F), provided that such gas is received upstream of a processing plant and SHIPPER has made arrangements to have such gas processed prior to delivery to downstream delivery points.
- (c) Liquids: At the point of measurement, all gas must be free of any Liquids. If a liquid separator is installed upstream of the point of measurement from a third party pipeline, COMPANY may permit Liquids from the separator to be injected into COMPANY's pipeline system, if in COMPANY's sole opinion such Liquids will not impair the operations of COMPANY's system. Any Liquids, whether injected or which form in the pipeline as a result of condensation after measurement, shall be removed prior to final delivery to downstream pipelines, and any reduction in energy content caused by Liquids removed from the gas received will be determined and deducted from the appropriate SHIPPER's gas.
- (a) Temperature: All gas received into COMPANY's pipeline shall have a maximum temperature no greater than 120°F.
- (e) Water: No free water will be allowed into COMPANY's pipeline system. All gas received shall contain no more than 7 pounds of water vapor per million cubic feet.
- (f) Sulfur: The gas shall not contain more than 10 grains of total sulfur per one hundred cubic feet.
- (g) Hydrogen Sulfide: The gas shall not contain more than 0.25 grains of hydrogen sulfide per one hundred cubic feet (equivalent to 4.0 PPM).

- (h) Carbon Dioxide and Nitrogen: All gas received into COMPANY's pipeline system shall not contain more than 3 mole percent of combined nitrogen and carbon dioxide. Additionally, the gas shall not contain more than 2 mole percent of carbon dioxide.
- (i) Trace components: All gas received into COMPANY's pipeline system shall have no detectable amounts of Polychlorinated Biphenyls (PCBs). Other trace components, including but not limited to, arsenic, mercury, lead, and oxides of nitrogen shall not exceed the exposure limits specified in the Code of Federal Regulations Title 29 Part 1910, Occupational Safety & Health Standards.
- (j) Oxygen and Hydrogen: The gas shall not contain more than 0.2 mole percent of Oxygen nor shall it contain more than 0.1 mole percent of Hydrogen.
- (k) Processing: All of SHIPPER's gas in COMPANY's pipeline system may be treated and/or processed prior to making deliveries to downstream Delivery Point. Any reduction in the energy content of the gas treated and/or processed shall be determined and deducted from SHIPPER's transportation volumes tendered for delivery to downstream Delivery Points. Except for gas received upstream of a processing plant, the hydrocarbon dewpoint of all gas received into COMPANY's pipeline may not exceed 0° F. at 800 PSIA.

3.2 Non-compliance with Specifications

- (a) Should SHIPPER tender for delivery any gas which causes the composite gas stream in COMPANY's pipeline to fail the gas quality specifications of a downstream pipeline, COMPANY may take whatever action necessary on COMPANY's own accord or use of a third party, as solely determined by COMPANY, at SHIPPER's sole cost and expense, to treat and/or process the gas stream such that the gas stream can be delivered to downstream pipelines. Until remedial action is taken to make gas acceptable to downstream pipelines, COMPANY may refuse to accept receipt of any gas, in COMPANY's sole discretion, which prevents COMPANY from making deliveries into downstream pipelines. Any reduction in the energy content of the gas treated and/or processed shall be determined and deducted from SHIPPER's transportation volumes tendered for delivery to downstream pipelines.
- (b) Should SHIPPER tender for delivery any gas which fails to meet all of the specifications of gas quality above, COMPANY may refuse to accept delivery from SHIPPER thereof, on a not unduly discriminatory basis.
- (c) No waiver by COMPANY of any default by SHIPPER in any of the specifications set forth above or in any other provision of this Tariff shall operate as a continuing waiver of such specification or as a waiver of any subsequent default whether of a like or different character.

3.3 Reference Documents

Gas Processors Association (GPA) or American Society of Testing and Materials (ASTM) adopted and approved test methods shall be used in verifying compliance with the requirements of this section.

Alternative test methods may be employed provided the precision and accuracy of any such methods is similar to that of the adopted GPA or ASTM test methods, as mutually agreed upon and accepted by COMPANY and SHIPPER.

General Terms and Conditions

4. MEASUREMENT

4.1 Unit of Volume

The unit of volume shall be a cubic foot (CF). Whenever used in this tariff, the term cubic foot of gas shall mean the quantity of gas contained in one cubic foot of space when the gas is at a base pressure of 14.73 pounds per square inch absolute and a base temperature of 60° F on a dry basis. For all purposes of this tariff, the term Mcf shall mean one thousand (1,000) cubic feet and the term MMcf shall mean one million (1,000,000) cubic feet.

4.2 Measurement of Volume

Gas received by COMPANY from SHIPPER shall be measured at the point of receipt (or such other point of measurement as provided for in a service agreement between SHIPPER and COMPANY) by primary measurement devices, the choice of which shall be determined by COMPANY in its sole discretion, which shall be exercised in accordance with gas industry standards, to be installed, operated and maintained by COMPANY or COMPANY's designee.

- (a) Where orifice meters are used, volumes delivered shall at the point of delivery be computed in accordance with formulae, tables and methods prescribed in Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, American Gas Association Report No. 3, Third Edition, and as such report may hereafter be further revised or superseded (A.G.A. Report #3). Exact measurements of inside diameters of meter tubes shall be obtained by means of a micrometer to the nearest one-thousandth inch. Where turbine meters are used, volumes shall be corrected in accordance with formulae, tables and methods set forth in latest addition of Transmission Measurement Committee Report No. 7 of the American Gas Association. All volumes shall be corrected for flowing temperature and specific gravity in accordance with the provisions of Paragraphs 4.2(d) and 4.2(e) below;
- (b) Measurement data may be recorded and/or accumulated by using digital recorders or flow computers.
- (c) When gas is delivered at a pressure in excess of 14.73 pounds per square inch absolute, then for the purpose of measurement hereunder, such volumes of gas shall be corrected to a pressure of 14.73 pounds per square inch absolute. For all offshore locations, and at the Pascagoula processing plant that straddles COMPANY's pipeline system, the atmospheric pressure is assumed to be 14.7 pounds per square inch. All other locations shall have an assumed atmospheric pressure of 14.4 pounds per square inch. The measurement of gas volumes

shall be adjusted for compressibility in accordance with the method referenced in A.G.A. Report #3 or such other method as may be mutually agreed upon by COMPANY and SHIPPER.

- (d) The flowing temperature of the gas shall be determined for the purpose of measured volume correction. Volume shall be corrected for each degree of variation in the flowing temperature from 60° F. The flowing temperature will be measured by RTD'S, thermocouples, thermometers, or any other temperature measuring device mutually agreed upon by COMPANY and SHIPPER and shall be either: (1) recorded using digital recorders or any other recording device as may be mutually agreed upon by COMPANY and SHIPPER, in which case the temperature at which gas was measured for the period of such record shall be the arithmetic average of the record during the period of time which gas was flowing, or (2) recorded by on-site flow computers and used for on-site flow computations, in which case the instantaneous measurement of temperature will be used in such computations. Where no temperature measuring device is installed, the temperature of the gas shall be assumed to be 60° F.
- (e) The specific gravity required for energy flow calculations shall be determined at an appropriate location, the site of which shall be determined by COMPANY by a chromatograph or other device of standard manufacture.

4.3 Measurement of Heating Value

The gross heating value shall be determined at an appropriate location, the site of which shall be determined by COMPANY utilizing a chromatograph or other equivalent device of standard manufacture. If a gross heating value measuring device is not installed, then the gross heating value shall be determined at least quarterly by gas sample analysis utilizing a chromatograph or other equivalent device of standard manufacture.

General Terms and Conditions

5. MEASURING EQUIPMENT

5.1 COMPANY's Measuring Equipment

Orifice meter installation shall conform to the recommendations for design and installation contained in A.G.A. Report #3 (API MPMS 14.3). Turbine meter installations shall conform to the recommendations for design and installation contained in Gas Measurement Committee Report No. 7 of the American Gas Association. Other primary metering devices, including but not limited to positive displacement and rotary meter installations, shall conform to generally accepted engineering practices in the industry.

5.2 Testing Measuring Equipment

COMPANY shall test its measuring equipment and temperature measuring devices installed as provided in Sections 4.2(d) and (e), 4.3 and 5.1 hereinabove at such reasonable intervals as may be determined by COMPANY. COMPANY will notify SHIPPER in time to permit SHIPPER to witness such test if SHIPPER so elects. Measuring equipment shall be subject to check tests and inspection by SHIPPER, on prior notice, at reasonable times.

5.3 Correction of Measurement Errors

- (a) **Correction of Metering Errors.** If COMPANY's measuring equipment installed under Section 5.1 hereinabove or any other equipment installed under Sections 4.2(d) and (e) and 4.3 hereinabove is found to be inoperative or inaccurate, such equipment shall be adjusted to register correctly, and the amount of inaccuracy shall be determined by the most accurate method feasible. If the inaccuracy shall have resulted in an error of more than 1% in the measurement of gas, then the calculated deliveries of gas shall be adjusted to compensate for such error. Such adjustment shall be made for such period of inaccuracy as may be definitely known by COMPANY. If the period of inaccuracy shall not be definitely known, then such adjustment shall be made for the last half of the period between the time the equipment was adjusted to register correctly and the date of the last previous test. Such errors described above shall be corrected upon detection if either party notifies the other in writing of such error within six months following the expiration of the month in which such error occurred.
- (b) **Measurement Estimation Methodologies.** If for any reason the measuring equipment is out of service or out of repair so that the amount of gas delivered cannot be ascertained, the amount of gas delivered during such period shall be estimated and agreed upon by the use of the first of the following methods

which is feasible: (a) by using the registration of any check measuring equipment if installed and accurately registering; (b) by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or (c) by estimating the quantity of gas delivered by reference to actual deliveries during preceding and subsequent periods under similar conditions where accurate volume computations are available.

- (c) Check Measurement Equipment. SHIPPER may install, maintain and operate, at its own expense, such check measuring equipment as it shall desire, provided that such equipment shall be installed as not to interfere with the operation of COMPANY's measuring equipment, and provided further that the measurement of gas for the purposes hereof shall be by COMPANY's meters only, except as otherwise specifically provided to the contrary in this Section. COMPANY shall have access to such check measuring equipment at all reasonable hours, but the operation of such check measuring equipment shall be done only by SHIPPER.
- (d) Measurement Inaccuracies Requiring Shipper Action. If COMPANY determines that the meter station volume readings are inaccurate due to factors beyond the scope of routine operations and maintenance, including, but not limited to, pulsation, COMPANY shall notify SHIPPER of such inaccuracies. Within thirty (30) days of receipt of such notice from COMPANY, SHIPPER shall at its own expense make or cause to be made such modifications to its facilities as are necessary to remove such inaccuracies. If COMPANY determines that SHIPPER's modifications have not corrected the measurement inaccuracies, upon 30 days notice in writing to SHIPPER of the continuing measurement inaccuracies, COMPANY may suspend operation of the meter station and refuse to receive gas into COMPANY's pipeline until the measurement inaccuracies are corrected or COMPANY may install pulsation dampening equipment at SHIPPER's sole cost and expense.
- (e) Prior Period Adjustments. The deadline for closing measurement data shall be no later than 5 business days after the month of flow. Any measurement data or corrections received by COMPANY (including corrections to allocations) after it has closed the previous month of flow shall be handled as a prior period adjustment. COMPANY shall process late measurement data or corrections of measurement errors under Section 5.3 (a) or (b) as soon as practicable but no later than 6 months after the applicable month of flow in question. The correction shall be made to the month of flow for allocation and billing purposes. If SHIPPER disputes the measurement adjustment, it will have 3 months after the prior period adjustment is made to provide information that rebuts the adjustment. Excluding government required rate changes and as otherwise provided herein, no prior period adjustments of any kind shall be made after 6 months following the invoiced month for transportation or pooling services. These deadlines do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties' other statutory or

contractual rights shall not be diminished by this provision. Any prior period adjustments not taken into account at the time of billing shall not affect the calculation of the 70% throughput test under Rate Schedule FT-2.

General Terms and Conditions

6. RECEIPT AND DELIVERY POINTS

6.1 Receipt Point:

Each Receipt Point available for transportation service under this Tariff shall be at the point of interconnection between the pipeline riser and the inlet flange on the gathering manifold located on the gathering platform at Main Pass 260, or such other point as may be mutually agreed upon between COMPANY and SHIPPER. On Exhibit A to the Service Agreement under Rate Schedules FT-1 and FT-2, COMPANY and SHIPPER shall specify the MDRO of gas to be received for transportation at said point. For service performed under the FT-1 and FT-2 Rate Schedules, the sum of the MDROs specified on Exhibit A to the Service Agreement shall equal the TD specified in the Service Agreement. Each SHIPPER under Rate Schedules FT-1 and FT-2, provided such gas is eligible for transportation under Rate Schedule FT-2, shall have the right to utilize as secondary Receipt Points on a preferred interruptible basis all active Receipt Points on COMPANY's pipeline system as posted by COMPANY on Company's Internet Web Site.

These secondary Receipt Points shall constitute Exhibit A-1 to the firm Service Agreement. For service performed under the IT Rate Schedule, Exhibit A to the Service Agreement shall consist of all active Receipt Points on COMPANY's pipeline system, as posted by COMPANY on Company's Internet Web Site, which are available for SHIPPER's interruptible service. COMPANY shall maintain on Company's Internet Web Site an updated list of all Receipt Points available for SHIPPER's interruptible transportation service and shall provide SHIPPER with a revised Receipt Point list at any time upon SHIPPER's request. In the event that COMPANY agrees to permit SHIPPER at SHIPPER's expense to install measurement and pipeline facilities at the COMPANY Receipt Points, COMPANY shall have the right to review and approve, prior to installation, design and material specifications for such facilities. COMPANY shall also have the right to inspect such facilities during construction and halt construction if (i) the construction is performed in a manner inconsistent with approved practices or could damage COMPANY's facilities or (ii) the construction or materials deviate from the previously approved design or material specifications.

6.2 Delivery Point:

The location of the Delivery Point(s) shall be specified in Exhibit B to the Service Agreement between SHIPPER and COMPANY, and shall be at the outlet side of COMPANY's measurement facilities, or such other point as may be mutually agreed upon between COMPANY and SHIPPER. For each primary Delivery Point, COMPANY and SHIPPER shall specify on Exhibit B the MDDQ to be delivered to or for the account of SHIPPER at said point. For service performed under the FT-1 and FT-2 Rate Schedules, the sum of the MDDQs specified on Exhibit B to the Service Agreement shall equal the TD specified in the Service Agreement. Each SHIPPER under Rate Schedules FT-1 and FT-

2 shall have the right to utilize as secondary Delivery Points on a preferred interruptible basis all active Delivery Points on COMPANY's pipeline system as posted by COMPANY on Company's Internet Web Site. These secondary Delivery Points shall constitute Exhibit B-1 to the firm Service Agreement. For service performed under the IT Rate Schedule, Exhibit B to the Service Agreement shall consist of all active Delivery Points on COMPANY's pipeline system at which interruptible capacity is available as posted by COMPANY on Company's Internet Web Site. COMPANY shall maintain on Company's Internet Web Site an updated list of all Delivery Points available for SHIPPER's service and shall provide SHIPPER with a revised Delivery Point list at any time upon SHIPPER's request.

6.3 Addition/Deletion of Receipt Points:

For service performed under Rate Schedules FT-1 and FT-2, COMPANY and SHIPPER may by mutual agreement add or delete primary Receipt Points to Exhibit A to the Service Agreement or change the MDRQ for any primary Receipt Point on Exhibit A by executing electronically on Company's Interactive Internet Website or in writing a revised Exhibit A to the Service Agreement; provided however, that any such change to an Exhibit A must include corresponding changes to the existing MDRQs such that the sum of the changed MDRQs under Rate Schedule FT-1 shall not exceed the TD and under Rate Schedule FT-2 shall equal the TD and provided further that any such change shall be subject to the availability of capacity at the requested points.

6.4 Addition/Deletion of Delivery Points:

Subject to the provisions of the transportation Rate Schedule applicable to SHIPPER's service and these General Terms and Conditions, COMPANY and SHIPPER may by mutual agreement add or delete primary Delivery Points or change the MDDQ for any primary Delivery Point by executing a revised Exhibit B to SHIPPER's Service Agreement under Rate Schedules FT-1 or FT-2; provided, however, that any change to an Exhibit B to a Service Agreement for transportation service under Rate Schedules FT-1 and FT-2 must include corresponding changes to the existing MDDQ such that the sum of the MDDQs equals the TD.

General Terms and Conditions

7. PRESSURE

7.1 Receipt Points:

Gas will be received by COMPANY at each Receipt Point on Exhibit A to a firm transportation Service Agreement at such pressure as may be mutually agreed upon by COMPANY and the firm SHIPPER and specified in the Service Agreement. Each pressure so specified shall be such pressure as SHIPPER may request if such pressure, in the opinion of COMPANY, can be continuously maintained without reducing the existing or future receipt point capacity, or impairing the efficient operation, of its system or any part thereof, after giving effect to the reduction of pressure incident to measurement and receipt of gas, it being recognized that receipt point pressure may vary within the control limitations of equipment used for reducing pressure in accordance with generally accepted practice. All gas to be transported for SHIPPER shall be delivered to COMPANY at pressures sufficient to enter COMPANY's facilities at such contract pressures maintained by COMPANY at each Receipt Point; provided, however, that such pressures shall not exceed COMPANY's maximum allowable operating pressures at each such point.

If SHIPPER desires permanently to change a receipt pressure specified in its firm Service Agreement, COMPANY and SHIPPER will execute a revised Exhibit A to the Service Agreement; provided, however, that if the change in pressure requires a change in the measuring facilities at the Receipt Point in order to receive the MDRQ, such change shall be made at SHIPPER's expense.

Receipts at Receipt Points where COMPANY has no firm receipt obligation shall be received from or for the account of SHIPPER at the working pressures maintained, from time to time, at such points.

7.2 Delivery Points:

Gas will be made available by COMPANY at each Delivery Point on Exhibit B to a firm transportation Service Agreement at such pressure as may be mutually agreed upon by COMPANY and the firm SHIPPER and specified in the Service Agreement. Each pressure to be so specified shall be such pressure as SHIPPER may request up to the pressure which, in the opinion of COMPANY, can be continuously maintained without reducing the existing or future deliverability, or impairing the efficient operation, of its system or any part thereof, after giving effect to the reduction of pressure incident to measurement and delivery of gas, it being recognized that delivery pressure may vary within the control limitations of equipment used for reducing pressure in accordance with generally accepted practice.

If a SHIPPER desires permanently to change a delivery pressure specified in its firm Service Agreement, COMPANY and SHIPPER will execute a revised Exhibit B to the Service Agreement; provided, however, that if the change in pressure requires a change in the measuring facilities at the Delivery Point in order to deliver the MDDQ, such change will be made at SHIPPER's expense.

Deliveries at Delivery Points where COMPANY has no firm delivery obligation shall be delivered to or for the account of SHIPPER at the working pressures maintained, from time to time, at such points.

General Terms and Conditions

8. LIABILITY OF SHIPPER AND COMPANY

8.1 Control of Gas:

For the purpose of determining the liability of COMPANY and SHIPPER, respectively, SHIPPER shall be deemed to be in exclusive control and possession of the gas to be transported until such gas has been actually received by COMPANY at the Receipt Point, while the gas is in SHIPPER's custody (or the custody of another on its behalf) for processing in accordance with the provisions of the rate schedules, and after the gas has been delivered to the account of SHIPPER hereunder by COMPANY at the Delivery Point. COMPANY shall be deemed to be in exclusive control and possession of the gas transported hereunder only while it is in COMPANY's facilities. In the event COMPANY has reason to believe that there is a loss of gas between the point of measurement and the point of receipt, SHIPPER shall upon written request from COMPANY provide COMPANY with information as shall be reasonably required to quantify such loss, and shipper shall reimburse COMPANY therefor. Title to that share of gas deemed to be used as compressor fuel, company-use, vented, lost or unaccounted-for gas hereunder shall pass to COMPANY at the Receipt Point.

8.2 Responsibility and Liability:

The party deemed to be in control and possession of the gas to be transported shall be responsible for and shall indemnify the other party with respect to any losses, claims, liabilities or damages, specifically including any direct or indirect damages or liabilities incurred by COMPANY with respect to the Pascagoula processing plant connected to COMPANY's system, but the parties' obligation to each other shall not extend to consequential, punitive, or special damages, including loss of profits and business interruption arising therefrom.

8.3 Force Majeure:

- (a) In the event of either COMPANY or SHIPPER being rendered unable, wholly or in part, by force majeure to carry out its obligations under the Service Agreement, it is agreed that, on such party giving notice and full particulars of such force majeure electronically on Company's Interactive Internet Website or in writing or by telephone (followed by confirmation on Company's Interactive Internet Website or in writing) or by facsimile machine to the other party as soon as practicable after the occurrence of the cause relied on, the obligations of the party giving such notice, other than SHIPPER's payment of any applicable reservation charges and other payments due, 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. To the extent that a SHIPPER is prevented from complying with Section 25 due to an event of force majeure, penalties under Section 25 of the General Terms and Conditions will not be assessed for the duration of said event of force majeure.

The term "force majeure" shall mean acts of God, strikes, lockouts or other industrial disturbances, sabotage, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to plants, platforms, equipment, machinery or lines of pipe, and the necessity for maintenance of or making repairs or alterations to machinery, facilities or lines of pipe, freezing of wells, or lines of pipe, authorized abandonment of any lines of pipe connected to COMPANY's facilities or the processing plant at Pascagoula, Mississippi, partial or entire failure of wells, and any other causes, whether of the

kind herein enumerated or otherwise, whether affecting COMPANY or SHIPPER, the gas processing plant at Pascagoula, Mississippi, or upstream or downstream transporters or gatherers immediately connected to COMPANY's facilities or the gas processing plant at Pascagoula, Mississippi, not 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 the inability of either party to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights-of-way grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations hereunder. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the person affected, and the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.

8.4 Odorization:

Except where otherwise required by law, gas delivered by COMPANY will be delivered in its natural state without the addition of any odorizing agent; however, COMPANY does not by such delivery assume any obligation for damages, claims or liabilities by reason of the fact that it has not odorized such gas prior to its delivery. COMPANY will add odorizing agents to gas delivered by it where required by law; however, COMPANY does not by such odorization assume any obligations for damages, claims or liabilities by reason of the fact that it has or has not odorized such gas prior to its delivery nor does COMPANY warrant the delivery of odorized gas.

General Terms and Conditions

9. WARRANTY OF TITLE AND INDEMNIFICATION

Both SHIPPER and COMPANY warrant the title to all gas delivered by it to the other party. SHIPPER further represents and warrants that it will pay and satisfy, or make provision for the payment and satisfaction of, any and all claims of every nature whatsoever in, to, or in respect of the title to all gas delivered by it to COMPANY; and SHIPPER hereby agrees to defend at its cost, and when notified by COMPANY to indemnify COMPANY against, all suits, judgments, claims, demands, causes of action, costs, losses, and expenses arising out of or in any way connected with any claims to the title to all gas delivered to COMPANY.

COMPANY assumes no obligation whatever to any royalty owner or to the owner of any other interest of any kind in any gas delivered to COMPANY by or for the account of SHIPPER, and SHIPPER or its seller shall pay all such royalties or other interests upon or in respect to such gas.

General Terms and Conditions

10. HOURLY RATES OF FLOW

All gas delivered to or by COMPANY under its transportation Rate Schedules shall be delivered at rates as constant as operationally feasible throughout the day, and COMPANY shall not be obligated to receive or deliver gas under its transportation Rate Schedules in excess of uniform rates.

General Terms and Conditions

11. INSTALLATION OF FLOW CONTROL EQUIPMENT

COMPANY may elect to construct, install, and operate flow control equipment at any location on its pipeline system whenever it determines in its reasonable judgment that such equipment will contribute to the safe, reliable, efficient, and orderly operation of its pipeline system in a manner that is consistent with its obligations to provide service under all of its rate schedules.

General Terms and Conditions

12. NOMINATIONS

12.1 Nomination Procedures:

- (a) General. SHIPPER shall nominate gas for transportation under its transportation Service Agreement(s) by notifying COMPANY, pursuant to the provisions of this Section 12, via Company's Interactive Internet Website, of the daily quantity of gas it has available for transportation at each Receipt Point and of the quantity of gas it desires to have delivered at each Delivery Point, expressed in Dth. For Rate Schedule FT-2 SHIPPERS, overrun quantities may be nominated on SHIPPER's FT-2 Service Agreement to the extent that capacity is available. Overrun quantities under Rate Schedule FT-1 should be nominated on SHIPPER's IT Service Agreement.

SHIPPER shall also specify the first date that the nomination is to be effective (begin date) and the last date that the nomination is to be effective (end date). SHIPPER shall have the ability to nominate for several days, months or years, provided, however, the begin and end dates must be within the term of SHIPPER's Service Agreement with COMPANY. All nominations excluding intraday nominations should have roll-over options. Unless SHIPPER wishes to change its nomination, SHIPPER shall not be required to resubmit its nomination during the begin and end dates. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. Nominations have a prospective effect only.

COMPANY shall be entitled to rely conclusively on SHIPPER's nomination of the quantities to be received at the Receipt Point as authorized for purchase from its seller(s) or sale to its end-user(s). SHIPPER shall not nominate for transportation in excess of: (i) the volumes to be purchased/sold by SHIPPER, (ii) the volumes third-party transporter(s) have agreed to accept for transportation for delivery to COMPANY, or (iii) the volumes third-party transporter(s) or local distributor(s) have agreed for delivery by COMPANY, whichever is less.

COMPANY shall not be obligated to accept nominations in excess of the MDDQ at each Delivery Point, adjusted for systemwide Btu. SHIPPER shall be entitled to nominate at each Receipt Point a quantity of gas in excess of the MDRO multiplied by the average SHIPPER Specific Heating Value for the month in an amount equal to the FRP. When processing nominations, COMPANY shall apply

a standard fuel calculation of $(1 - \text{fuel \%}/100)$ multiplied by receipt quantity = delivery quantity. Any changes in the standard fuel calculation will be made effective only at the beginning of a month. This calculation shall be rounded to the nearest Dth. COMPANY shall not reject a nomination for reasons of rounding differences due to fuel calculations of less than 5 Dth. The transportation priority for fuel shall be the same level of service as the transaction to which it applies. With respect to the various deadlines set forth in this Section 12, the party receiving the information has the right to waive the deadline at its option. COMPANY shall waive any such deadlines in a nondiscriminatory manner.

SHIPPER's Receipt Point nomination shall include an amount equal to the most recent historical plant thermal reduction applicable to SHIPPER's supply source, which amount shall be nominated for delivery at the gas processing plant selected by SHIPPER. This in no manner changes COMPANY's use of actual Btu content for accounting and billing purposes. This adjustment also does not obligate COMPANY to deliver or receive volumes except as set forth on Exhibits A and B to the Service Agreement.

- (b) Method of Submitting Nominations. Nominations must be submitted by SHIPPER through Company's Interactive Internet Website or electronic data interchange, pursuant to NAESB Standards; provided that SHIPPER has entered into a NAESB Model Trading Partner Agreement with COMPANY for such transaction. It is also provided, however, that COMPANY will accept faxed nominations on days when the COMPANY's business offices are open.
- (c) Deadlines. Except as set forth in Section 12.1(d) below, the following deadlines (Central Clock Time on the day prior to flow) shall apply to nominations, confirmations and scheduling under this Section 12. There will be two nomination cycles, an 11:30 a.m. nomination cycle and a 6:00 p.m. nomination cycle. For the 11:30 a.m. nomination cycle, scheduled quantities shall be effective at 9:00 a.m. the next gas day. For the 6:00 p.m. nomination cycle, scheduled quantities shall be effective at 9:00 a.m. the next gas day.

Daily	Evening	
11:30 a.m.	6:00 p.m.	Nominations must leave SHIPPER'S control
11:45 a.m.	6:15 p.m.	Nominations must be received by COMPANY, including from Title Transfer Tracking Service Providers (TTTSPS)
12:00 P.M.	6:30 P.M.	COMPANY must issue quick response Concerning validity of SHIPPER'S nomination
3:30 p.m.	9:00 p.m.	Receipt of all completed

4:30 p.m.	10:00 p.m.	Confirmations by transporters Receipt of scheduled quantities By SHIPPER and point operators
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With the exception of the above referenced nomination deadlines, for any nomination document received from a Party requesting service by the conclusion of a given quarter hour period, defined to begin on the hour and at 15, 30 and 45 minutes past the hour, COMPANY will send a quick response to the Service Requester's designated site by the conclusion of the subsequent quarter hour period. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour.

- (d) Intraday Nominations. SHIPPER may revise its nomination in effect by submitting a revised daily nomination to COMPANY on the day the change is requested to be effective. COMPANY will support two intraday nomination cycles. In the first cycle, the intraday nomination shall leave the control of the nominating party by 10:00 a.m. and COMPANY, including from TTTSPs must receive such nomination electronically (or by fax on days when COMPANY's offices are open for business) no later than 10:15 a.m. Central Clock Time. COMPANY will have until 10:30 a.m. to send a quick response, until 1:00 p.m. to complete confirmation and until 2:00 p.m. to provide scheduled quantities to affected SHIPPERS, point operators and bumped parties. Subject to the further provisions of this Section 12 regarding scheduling and confirmation, SHIPPER's intraday nomination will be effective as of 5:00 p.m. Central Clock Time, on the same gas day. In the second intraday nomination cycle, the intraday nomination shall leave the control of the nominating party by 5:00 p.m. and be received by COMPANY, including from TTTSPs by 5:15 p.m. COMPANY will have until 5:30 to send a quick response, until 8:00 p.m. to complete confirmations and until 9:00 p.m. to provide scheduled quantities to affected SHIPPERS and point operators. Scheduled quantities resulting from the second intraday nomination cycle shall become effective at 9:00 p.m. on the same gas day. No bumping of flowing gas shall occur as a result of the second intraday nomination cycle. SHIPPER may request increases or decreases in total flow, or changes to receipt point or delivery point nominations. For intraday nominations under this Section, there is no limitation as to the number of intraday nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. Intraday nominations may be used to nominate new supply or markets.

All provisions of this Section 12 shall apply to intraday nominations, provided that intraday nominations shall span one day only and will not rollover or replace the remainder of a standing nomination.

- (e) Form of Nomination. SHIPPER's nominations shall be submitted to COMPANY's Business Development Department in the format set forth in Appendix B of the General Terms and Conditions.

- (f) **Make-up Nominations.** With respect to a nomination to make-up an estimated imbalance, COMPANY will schedule such nomination, subject to available capacity, as long as the available information (e.g., metered volumes, estimated production reports or confirmed nominations) indicates that an imbalance has been incurred, but if it is ultimately determined that no imbalance was incurred, COMPANY will not be responsible in any manner to SHIPPER for scheduling its nomination. The fact that an Imbalance make-up nomination may not be balanced between the quantity of gas nominated at Receipt Point(s) and Delivery Point(s) shall not in itself cause COMPANY to reject the nomination.
- (g) **Late Nominations.** On any day that COMPANY extends the nomination deadline pursuant to the waiver provisions of Section 12.1(a) above, those nominations received prior to the extended deadline shall be processed at the same time as those nominations submitted by the standard deadline. For any late nominations not accepted by COMPANY, COMPANY shall determine the applicable nomination processing cycle based upon the receipt time and beginning effective date of the nomination.
- (h) **Predetermined Scheduling Priorities.** On the SHIPPER Nomination Form, SHIPPER or the service requester shall provide a predetermined balancing priority for all of the Delivery Point(s) and associated quantities nominated under a transportation Service Agreement to be used by COMPANY to limit the deliveries under the transportation Service Agreement in the event of an interruption or reduction in the receipts of SHIPPER's gas at the Receipt Point(s). SHIPPER or the service requester shall also provide a predetermined priority at all Receipt Point(s) at which SHIPPER has nominated gas to be transported under a transportation Service Agreement to be used by COMPANY to limit the receipts of gas from SHIPPER at the Receipt Point(s) in the event of an interruption or reduction in the deliveries of SHIPPER's gas at a Delivery Point(s).
- (i) **Volumetric Capacity Release Nominations.** On its nomination form for a firm transportation Service Agreement, SHIPPER must indicate the offer number for each nomination of volumetric capacity release so that COMPANY can calculate the appropriate credit to the Releasing SHIPPER.
- (j) **Package ID.** A Package ID is a way to differentiate between discrete business transactions. Use of the Package ID is at the discretion of the service requester, and if sent, will be accepted and processed by COMPANY. When used, Package IDs shall be supported for nominating, scheduling, and allocating, but not for transportation invoicing.

12.2 Allocating Daily Capacity:

- (a) Capacity on COMPANY's system shall be allocated among the various transportation services each day based on nominations.

- (b) If, on any day, COMPANY determines that the capacity of its system, or any portion thereof, including Receipt and Delivery Points, is insufficient to serve all nominations to receive service that day, then the available capacity shall be allocated among the nominated services on the following basis, subject to the provision of Section 12.2(c) below. COMPANY shall allocate capacity for receipts and deliveries of gas in the priority categories specified below (listed in highest to lowest priority order), such that any reductions of service (Adjusted Nominations) will result in allocations of available capacity to higher priority services before lower priority services. Unless otherwise specified, the allocation priority within a category shall be on a pro rata basis:
- (i) Transportation service at primary Exhibit A Receipt Points and primary Exhibit B Delivery Points up to the associated MDRO and MDDQ under all SHIPPERS' FT-1 or FT-2 Service Agreements.
 - (ii) Transportation service at secondary Exhibit B-1 Delivery Points in the capacity path of SHIPPER's primary Exhibit B Delivery Points to the extent that the sum of each SHIPPER's nominations at its Exhibit B and B-1 Delivery Points is not in excess of the TD under SHIPPER's firm Service Agreement.
 - (iii) Transportation service at secondary Exhibit A-1 Receipt Points and secondary Exhibit B-1 Delivery Points outside of the capacity path of SHIPPER's primary Exhibit B Delivery Points to the extent that the sum of each SHIPPER's nominations at its Exhibit A and A-1 Receipt Points and Exhibit B and B-1 Delivery Points, respectively, is not in excess of the TD under SHIPPER's firm Service Agreements.
 - (iv) Service under a Pooling Agreement (except at an assigned firm Delivery Point designating the Pool in accordance with Section 2.3(c), which will be allocated under subsection (i) above) and transportation service under an IT Service Agreement; provided, however, that allocations of IT service shall be based on the rate being paid such that SHIPPERS who pay higher rates are limited after those who pay lower rates with parties paying the same rate limited on a pro rata basis; provided further, however, that in allocating IT service hereunder, SHIPPERS paying incentive rates shall be deemed to be paying the maximum lawful rate.
- (c) No-Bump Rule. An increase in a nomination by a SHIPPER in categories (ii), (iii) or (iv) of Section 12.2(b) above shall not cause a decrease in the flowing quantities previously scheduled with the same priority in such category. A SHIPPER may not increase its nomination at a Receipt Point or Delivery Point under an IT Service Agreement or a Pooling Agreement if such increase would cause a reduction in the existing flowing quantities scheduled under other IT

Service Agreements at such point. A SHIPPER may not increase its nomination at a secondary A-1 Receipt Point or a secondary B-1 Delivery Point under a firm Service Agreement if such increase would cause a reduction in the existing flowing quantities scheduled on the same A-1 or B-1 basis under other firm Service Agreements at such point.

- (d) Flow Day Diversion. To the extent COMPANY'S other scheduling requirements are met, COMPANY shall support the ability of a Service Requester to redirect scheduled quantities to other receipt points upstream of a constraint point or delivery points downstream of a constraint point at any of COMPANY'S subsequent nomination cycle(s) for the subject gas day, at least under the same contract, without a requirement that the quantities be rescheduled through the point of constraint.

12.3 Confirmation:

Prior to final scheduling of any nominations by SHIPPER, COMPANY may make such inquiries as it deems necessary, including but not limited to contacting the responsible dispatching party at each Receipt Point and each Delivery Point, to determine that SHIPPER's Adjusted Nominations will be confirmed ("Confirmation Request"). COMPANY may require confirmation by a Confirming Party no later than 3:30 p.m. Central Clock Time for the 11:30 a.m. nomination cycle and by 9:00 p.m. for the evening nomination cycle. A Confirmation Requester is a Service Provider, including a Point Operator, which is seeking to confirm a quantity of gas via the information outlined in NAESB Standard 1.4.3 with another Service Provider ("Confirming Party"), with respect to a nomination at a location. A Confirming Party is a Service Provider, including a Point Operator, which provides a confirmation for a quantity of gas via the information outlined in NAESB Standard 1.4.4 to a Confirmation Requester with respect to a nomination at a location. Confirming Parties refers to a Confirmation Requester and the Confirming Party. The receiver of a nomination initiates the confirmation process. The party that would receive a Confirmation Request or an unsolicited Confirmation Response may waive the obligation of the sender to send. Confirming Parties may agree that one party deems all requests at a location are confirmed by the other party ("Confirmation by Exception") without a response communication from that party. The Confirmation by Exception party can take exception to any Confirmation Request by so informing the Confirmation Requester within a mutually agreed upon time frame. Absent mutual agreement between the Confirming Parties, the explicit confirmation process is the default methodology. The explicit confirmation process requires that the Confirming Party respond to a Confirmation Request or initiate an unsolicited Confirmation Response. Under the explicit confirmation process, if the Confirming Parties do not agree upon a nomination quantity, then the lesser of the confirmation quantities should be the confirmed quantity; provided that for decreases during the intraday nomination/confirmation process, the confirmed quantity shall not be less than the elapsed-prorated-scheduled quantity. SHIPPER shall be responsible for all dispatching notices to third-party transporter(s) and for notifying third-party

transporter(s) of any changes in nominations. COMPANY will accept only that portion of SHIPPER's Adjusted Nomination that is confirmed (Scheduled Quantity). When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Response Quick Response document by the conclusion of the subsequent quarter hour period. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour.

Confirmation Failures: In the event a Confirmation by Exception or other agreement is not in place between Confirming Parties and COMPANY is unable to obtain a response to a Request for Confirmation or an unsolicited Confirmation Response, then the following confirmation procedures shall apply:

- (i) With respect to the timely nomination/confirmation process, the lesser of the confirmation quantity or the previously scheduled quantity shall be the new confirmed quantity; or
- (ii) With respect to timely requests for increases during the intraday nomination/confirmation process, the previously scheduled quantity shall be the new confirmed quantity; or
- (iii) With respect to timely requests for decreases during the intraday nomination/confirmation process, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity; and
- (iv) COMPANY shall provide the service requester with an explanation why the nomination failed.

12.4 Final Scheduled Quantity:

COMPANY shall notify SHIPPERS of the Scheduled Quantities at each Receipt and Delivery Point(s) by the following times:

- (a) for next-day nominations received pursuant to subsection 12.1(b), by 4:30 p.m. Central Clock Time for the 11:30 a.m. nomination cycle and by 10:00 p.m. Central Clock Time for the evening nomination cycle on the day prior to the day of gas flow; and
- (b) for intraday nomination changes received pursuant to subsection 12.1(c), prior to the effective time for such change. COMPANY shall also notify any interruptible SHIPPERS of a decrease in their service caused by an intraday nomination prior to such decrease being effective.

In addition to making scheduled quantities information available by the times set forth above, COMPANY shall also make available to SHIPPER information containing scheduled quantities, including scheduled intraday nominations, and any other scheduling changes.

At the end of each gas day, COMPANY shall provide to SHIPPER the final scheduled quantities for the just completed gas day. With respect to SHIPPERS using EDI, COMPANY shall send by EDI an end of the day Scheduled Quantity document. Any SHIPPER may waive the delivery of such end of the day Scheduled Quantity document.

Destin Pipeline Company, L.L.C.
 GAS PIPELINE DEPARTMENT
 TRANSPORTATION NOMINATION

FAX TO 918-660-4393
 PHONE: 918-660-4385

SHIPPER NAME _____
 SHIPPER CONTRACT # _____

CONTACT NAME _____
 CONTACT PHONE # _____

Nomination Range BEGINNING DATE _____ 9:00AM ENDING DATE _____ 9:00AM	CIRCLE ONE TIMELY EVENING INTRADAY 1 INTRADAY 2
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RECEIPT METER Required	PACKAGE ID Optional	UPSTREAM CONTRACT Optional	RECEIPT AMOUNT Required	FUEL AMOUNT Required	DELIVERY METER Required	PACKAGE ID Optional	DOWNSTREAM CONTRACT Optional	DELIVERY AMOUNT Required
Signature _____			TOTAL RECEIPT		TOTAL FUEL	TOTAL DELIVERIES		

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General Terms and Conditions

13. DETERMINATION OF RECEIPTS AND DELIVERIES

13.1 Receipt Point Allocation:

- (a) PDA Requirement. In the event gas other than the gas transported for SHIPPER flows through a Receipt Point, SHIPPER agrees to provide, or cause to be provided from its operator or other entity providing the confirmation, to COMPANY as set forth herein a predetermined allocation (PDA) statement from its seller(s) and/or third-party transporter(s)/operator(s) setting forth the information described herein for the purpose of determining the quantity of gas to be received by COMPANY for the account of SHIPPER at each Receipt Point for the day(s) of transportation for which SHIPPER has made its nomination(s).
- (b) PDA Methods. The predetermined allocation statements provided for each Receipt Point on COMPANY's system shall include:
 - (i) an allocation by the operator of the facilities immediately upstream of COMPANY's Receipt Point which allocates each working interest owner's gas to be delivered at the Receipt Point on each day of transportation service based on one of the following methods:
 - (A) Percentage PDA;
 - (B) Pro Rata PDA;
 - (C) Ranked PDA;
 - (D) Swing PDA; or
 - (E) Any other mutually agreeable allocation methodology.
 - (ii) a ranking by each working interest owner of the various transportation Service Agreements supplied by said owner's share of gas production at the Receipt Point for each day of transportation service. The working interest owner shall rank the Service Agreements to receive its gas supplies based on one of the following methods:
 - (A) Pro Rata PDA; or
 - (B) Ranked PDA.

Rankings shall include the contract number assigned by COMPANY to each Service Agreement and the name of the SHIPPER thereunder.

In the event the gas received by COMPANY at a Receipt Point is from more than one production source, the operator of the facilities immediately upstream of the Receipt Point shall provide an allocation of the gas it will deliver to the Receipt Point from each production source pursuant to one of the methods under Section 13.1(b)(i) (A-C) above. The operators of each production source and the working interest owners of each production source shall then provide COMPANY allocations of their gas pursuant to Section 13.1(b)(i) and Section 13.1(b)(ii) above, respectively.

The PDA shall be provided by each party under this Section 13.1 for each line item nomination provided by COMPANY for confirmation. COMPANY shall then use the predetermined priority provided by SHIPPER in its nomination for applying the PDA to the Package ID level within the line item nomination level.

- (c) Pipeline Interconnects. The predetermined allocation statement for Receipt Points interconnecting with third-party pipelines shall be provided by the third-party pipeline and shall rank the various Service Agreements to be supplied at the Receipt Point in accordance with one of the methodologies enumerated in Section 13.1(b)(i) above or in Section 13.3 below. In the event there is a conflict between the foregoing methodologies and the third-party pipeline's provision in its FERC Gas Tariff governing the allocations of deliveries, said pipeline company and COMPANY shall mutually agree on the predetermined allocation methodology to be used. The ranking shall include the contract number assigned by COMPANY to each Service Agreement and the name of the SHIPPER thereunder.
- (d) PDA Default Method. In the event SHIPPER tenders a nomination at a Receipt Point currently not providing supplies to SHIPPER, then SHIPPER must provide, or cause to be provided, as set forth above a revised predetermined allocation statement at the Receipt Point which recognizes SHIPPER's nomination. In the event COMPANY does not receive a predetermined allocation statement, or revised predetermined allocation statement, for a Receipt Point in a timely manner, or if operator and COMPANY cannot agree upon a predetermined allocation methodology, COMPANY shall allocate gas supplies at that Receipt Point based on a Pro Rata PDA until COMPANY receives a predetermined allocation statement pursuant to the above procedures which revises the pro rata allocation on a prospective basis.
- (e) PDA Deadlines. Each predetermined allocation statement must be submitted to COMPANY, by facsimile machine or through Company's Interactive Internet Website, during confirmation of that day's nominations, or after confirmation but prior to start of gas day; provided that any revisions to the predetermined allocation statement may be made by the confirming party during the confirmation period on the day of flow for intraday nomination changes. If

there are no additions in nominations by a SHIPPER at a Receipt Point or other changes, the current predetermined allocation statement will stay in effect as submitted until it is changed pursuant to the foregoing procedures.

- (f) SHIPPER hereby agrees that COMPANY shall have the right to rely conclusively on the foregoing predetermined allocations for the purposes of determining the daily quantities of gas received by COMPANY for the account of SHIPPER at each Receipt Point.
- (e) Btu Content and Component Analysis. In the event SHIPPER's gas is commingled with gas produced from other production sources prior to receipt by COMPANY, SHIPPER shall provide or cause to be provided on or before the 2nd business day of the month following the month in which gas was transported for SHIPPER, a statement showing the Btu content and component analysis of SHIPPER's gas. It is understood and agreed that COMPANY shall use said statement to normalize the heating value and GPM content of all sources that produced upstream of COMPANY's receipt point to the commingled gas stream received by COMPANY. It is further agreed and understood that this information shall only be used to allocate liquid recoveries and the resulting plant thermal reduction to the individual production sources upstream of COMPANY's receipt point.

13.2 Allocation of Actual Quantities at Delivery Points:

- (a) Use of PDAs. On a daily basis at each Delivery Point, COMPANY shall allocate the quantities of gas metered at the point among the quantities of gas scheduled at the point for the account of its SHIPPERS, based on the Pro Rata PDA method unless another PDA method is provided by the party that owns or operates the downstream facilities interconnecting with COMPANY's facilities at each Delivery Point (the "downstream operators"). The alternative PDA methodologies from which the downstream operator may choose include the Swing PDA, a Ranked PDA, a Percentage PDA, or any other mutually agreeable allocation methodology. A new allocation detail may be needed when a nomination changes. The PDA shall be provided by the downstream operator on a line item basis at the level of nomination detail provided by COMPANY for confirmation. COMPANY shall then use the predetermined priority provided by SHIPPER in its nomination for applying the PDA to the Package ID level within the line item nomination level. SHIPPER agrees that COMPANY shall have the right to rely conclusively on the PDA provided pursuant to this Section 13.2 for the purposes of determining the daily quantities of gas delivered by COMPANY for the account of SHIPPER at each Delivery Point.
- (b) Pipeline Interconnects. The predetermined allocation statement for Delivery Points interconnecting with third-party pipelines shall be provided by the third-party pipeline and shall rank the various Service Agreements to be supplied at the Delivery Point in accordance with one of the methodologies enumerated in

Section 13.1(b)(i) above or in Section 13.3 below. In the event there is a conflict between the foregoing methodologies and the third-party pipeline's provision in its FERC Gas Tariff governing the allocations of deliveries, said pipeline company and COMPANY shall mutually agree on the predetermined allocation methodology to be used. The ranking shall include the contract number assigned by COMPANY to each Service Agreement and the name of the SHIPPER thereunder.

- (c) PDA Deadlines. Each predetermined allocation statement must be submitted to COMPANY, by facsimile machine or through Company's Interactive Internet Website, during confirmation of that day's nominations, or after confirmation but prior to start of gas day; provided that any revisions to the predetermined allocation statement may be made by the confirming party during the confirmation period on the day of flow for intraday nomination changes. If there are no additions in nominations by a SHIPPER at a Delivery Point or other changes, the current predetermined allocation statement will stay in effect as submitted until it is changed pursuant to the foregoing procedures.

13.3 Operational Balancing Agreement Allocation:

- (a) An Operational Balancing Agreement (OBA) is a contract between two parties which specifies the procedures to manage operating variances at an interconnect. At any point with a point operator where economically and operationally feasible, COMPANY may agree, on a nondiscriminatory basis, to enter into an OBA with such operator in lieu of the allocation provisions of Section 13.1 and/or Section 13.2 above, as applicable, if the following conditions are met:
 - (i) the operator is creditworthy or provides one of the alternate forms of credit support set forth in Section 2.1(g) herein;
 - (ii) the operator maintains dispatching personnel on a 24-hour basis, seven days a week;
 - (iii) the point is equipped with electronic measurement equipment and remote flow control; and
 - (iv) COMPANY and operator enter into an Operational Balancing Agreement in the form set forth in this Tariff, or such other form as the parties mutually agree to in a nondiscriminatory manner, which shall provide, inter alia, for the allocation of Scheduled Quantities at the point with any daily variance between Scheduled Quantities and metered flow at such point to be resolved by COMPANY and the operator under the terms of the Operational Balancing Agreement.

- (b) COMPANY shall maintain on Company's Internet Web Site a list of all points at which an Operational Balancing Agreement is in effect.

13.4 Time Limit on Disputes of Allocations:

If SHIPPER disputes any of the allocations of gas made to its agreements with COMPANY under this Section 13, SHIPPER must notify COMPANY of such dispute, with supporting documentation, no later than 6 months following the month of service being disputed. COMPANY shall have 3 months within which to resolve or rebut the dispute. These time limits do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties' other statutory or contractual rights shall not be diminished by this provision.

General Terms and Conditions

14. RESOLUTION OF IMBALANCES AND ADJUSTMENT

14.1 Resolution of Monthly Imbalances:

- (a) All imbalances accrued by SHIPPER under its transportation and Pooling Agreements shall be resolved on a monthly basis pursuant to the provisions herein. After each month of transportation on COMPANY's system, COMPANY will calculate the imbalance which exists between the quantities of gas allocated each day to SHIPPER for its account at the Receipt Points during that month and the quantities of gas allocated each day to SHIPPER for its account at the Delivery Points during that month. All such imbalances (overdeliveries and underdeliveries to COMPANY) accrued by SHIPPER under each of its transportation or Pooling Agreements (or any such agreements under which SHIPPER has been appointed imbalance aggregation agent with the authority to make and receive payments under this section) will be combined to derive a Net Monthly Imbalance (in Dth) for purposes of the following calculations. SHIPPER's Net Monthly Imbalance then will be divided by the sum of the lesser of (i) the actual Dths of gas received or (ii) the actual Dths of gas delivered under all such agreements during the month to produce SHIPPER's Net Imbalance Percentage for the month.
- (b) Subject to the provisions of subsection (f) below, if SHIPPER has accrued a Net Monthly Imbalance such that the total quantities of gas received by COMPANY for SHIPPER's account during the month are less than the total quantities of gas delivered by COMPANY for SHIPPER's account during the month (Negative Imbalance), and such Net Monthly Imbalance is greater than 5,000 Dth, SHIPPER shall pay COMPANY for SHIPPER's Net Monthly Imbalance (in Dth) at the following prices specified for each stated percentage that SHIPPER's deliveries exceed its receipts.

Percentage of Excess Deliveries	Price
0 to 5%	100% of High Price
> 5 to 10%	115% of High Price
>10 to 15%	125% of High Price
>15 to 20%	140% of High Price
>20%	150% of High Price

Subject to the provisions of subsection (f) below, if SHIPPER's Net Monthly Imbalance is less than or equal to 5,000 Dth, SHIPPER shall pay Company for SHIPPER's Net Monthly Imbalance at 100% of the High Price.

- (c) Subject to the provisions of subsection (f) below, if SHIPPER has accrued a Net Monthly Imbalance (in Dth) such that the total quantities of gas received by COMPANY for SHIPPER's account during the month are greater than the total quantities of gas delivered by COMPANY for SHIPPER's account during the month (Positive Imbalance), and such Net Monthly imbalance is greater than 5,000 Dth, COMPANY shall pay SHIPPER for its Net Monthly Imbalance at the following prices specified for each stated percentage that SHIPPER's receipts exceed its deliveries.

Percentage of Excess Receipts	Price
0 to 5%	100% of Low Price
> 5 to 10%	85% of Low Price
>10 to 15%	75% of Low Price
>15 to 20%	60% of Low Price
>20%	50% of Low Price

Subject to the provisions of subsection (f) below, if SHIPPER's Net Monthly Imbalance is less than or equal to 5,000 Dth, COMPANY shall pay SHIPPER for SHIPPER's Net Monthly Imbalance at 100% of the Low Price. It is agreed, however, that in the event SHIPPER owes COMPANY any payments under subsection (b) above from a previous month which are past due, COMPANY shall have the right hereunder to offset payments it owes to SHIPPER under this subsection (c) by such past due amounts (inclusive of interest).

- (d) The Low Price is equal to the lowest of the spot prices which comprise the Index Price during the month in which SHIPPER's Net Monthly Imbalance was incurred. The High Price is equal to the highest of the spot prices which comprise the Index Price during the month in which SHIPPER's Net Monthly Imbalance was incurred. The Index Price is equal to the sum of the following spot prices published during the month in which SHIPPER's Net Monthly Imbalance was incurred divided by the number of such prices utilized by COMPANY as determined below:

- (i) Natural Gas Intelligence Gas Price Index, "South Louisiana," "Southern Natural," "Average;"
- (ii) Inside F.E.R.C.'s Gas Market Report, "Transcontinental Gas Pipe Line Corp.," "Mississippi, Alabama," "Index;"

- (iii) Inside F.E.R.C.'s Gas Market Report, "Florida Gas Transmission Company," "Zone 3," "Index;"
- (iv) Inside F.E.R.C.'s Gas Market Report, "Koch Gateway Pipeline Company," "South Louisiana/East Side," "Index;" and
- (v) Natural Gas Intelligence Gas Price Index, "South Louisiana," "Tennessee Line 500," "Average." With respect to Inside F.E.R.C.'s Gas Market Report, COMPANY will use the posting published for the first of the month only. With respect to Natural Gas Intelligence Gas Price Index, COMPANY will use the weekly postings published during the month. In the event either of these publications or specific postings contained therein is discontinued, COMPANY will revise this Section 14.1(d) to substitute another price index generally accepted in the natural gas industry. Until COMPANY receives approval from the Commission to use such substitute index, COMPANY will continue to calculate the Index Price each month based on the remaining indexes.
- (e) To aid SHIPPERS in managing the magnitude of their individual Net Monthly Imbalance, COMPANY will post on Company's Internet Web Site daily by Service Agreement an estimated monthly Imbalance calculated as above with the data available then to date.
- (f) On or about the tenth (10th) business day following the end of a month, COMPANY shall post on Company's Internet Web Site the Net Monthly Imbalance accrued by each SHIPPER hereunder during the previous month, provided SHIPPER notifies COMPANY's Business Development Department in writing no later than three (3) business days after the end of the month to post its Net Monthly Imbalance for said month. After the Net Monthly Imbalances are posted on Company's Internet Web Site, SHIPPERS shall have five (5) business days (Trading Period) within which to trade offsetting Net Monthly Imbalances. Both SHIPPERS that agree to trade all or part of their Net Monthly Imbalances must notify COMPANY's Business Development Department in writing on the form provided by COMPANY by 5:00 p.m. Central Clock Time on the last day of the Trading Period. Each notice shall include the name of the SHIPPER sending the notice, the name of the other SHIPPER agreeing to the trade, the volume (in Dths) of the SHIPPER's Net Monthly Imbalance that is to be traded, and a certification that SHIPPER has taken all steps necessary to effect the trade with the other party. Each SHIPPER to the trade agrees to indemnify and hold COMPANY harmless from and against any claims that either SHIPPER may have against the other arising out of or as a result of the trade.
- (g) No monthly imbalance penalty will be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. In the event there is a prior period adjustment to the quantities of gas booked under SHIPPER's Service Agreements due to liquefiabiles reconciliation, metering

errors or other errors attributable to COMPANY's responsibilities under its Tariff, the quantity of such adjustment shall be cashed out at 100% of the Index Price for the month in which the error occurred.

- (h) COMPANY shall have the right to make such incidental sales and purchases of gas necessary to resolve imbalances under this Section 14 or as may be otherwise required for system management.

14.2 Revenue Crediting Provision:

At the end of the 12th full calendar month following the in-service date of COMPANY's pipeline system and at the end of the same month each succeeding calendar year, COMPANY shall accumulate the difference between (i) the amounts received by COMPANY under Sections 14.1(b) and (h) above and Section 2.2 of an Operational Balancing Agreement and (ii) the amounts paid by COMPANY under Sections 14.1(c) and (h) above and Section 2.2 of an Operational Balancing Agreement. If the difference between said amounts, whether more is paid or received, exceeds \$250,000, COMPANY shall credit or surcharge, as appropriate and as hereinafter provided, said amount. If the difference between said amounts, whether paid or received, is less than or equal to \$250,000, said difference shall be carried over to the calculation made under this Section during the next 12-month period. If the difference between said amounts reflects net receipts by COMPANY in excess of \$250,000, COMPANY shall credit, within sixty (60) days following the end of each such 12-month period, each SHIPPER which transported gas under COMPANY's rate schedules during said 12-month period with its pro rata share of such accumulated amounts. Each SHIPPER's pro rata share shall be determined by multiplying the gas volumes stated in Dths transported for such SHIPPER during the applicable 12-month period by a unit rate calculated by dividing the total amounts accumulated pursuant to this Section 14.2 for such 12-month period by the total throughput stated in Dths experienced by COMPANY during such 12-month period. If the difference between said amounts reflects net payments by COMPANY in excess of \$250,000, COMPANY shall apply a surcharge to the Transportation Charge otherwise applicable, to be filed within 60 days following the end of each such 12-month period, to all volumes transported under COMPANY's rate schedules during the remainder of the subsequent 12-month period. Such surcharge shall be computed based on the net payment balance and the total throughput stated in Dths experienced by COMPANY during the applicable 12-month period.

General Terms and Conditions

15. BILLING AND PAYMENT

15.1 Billing:

On or before the ninth (9th) business day of each calendar month, COMPANY shall provide to SHIPPER by electronic transmission a statement of the Reservation Charges for transportation service for the preceding month and an imbalance statement of the daily volumes and the Btu content of the gas received for the account of SHIPPER for transportation for the preceding month, the daily volumes and the Btu content of the gas delivered to or for the account of SHIPPER for the preceding month, and the amount due for transportation services rendered in the preceding month, which shall include any necessary adjustments including capacity release, to the Reservation Charges. For those SHIPPERS which elect to trade imbalances, COMPANY may provide separate imbalance invoices after the trading period. COMPANY may also furnish separate invoices for penalty charges accrued by SHIPPER pursuant to the terms of COMPANY's FERC Gas Tariff. Prior to invoicing SHIPPER, COMPANY shall offset the invoice by all amounts owed by COMPANY to the SHIPPER for that month; provided, however, that this offset shall not affect disputed amounts.

15.2 Payment:

Billing statements shall be deemed to be received by each SHIPPER on the date transmitted by COMPANY. SHIPPER shall make payment to COMPANY for the Reservation Charge levied and for the services performed or charges levied hereunder by electronic bank transfer (i.e. wire transfer, ACH transfer or other mutually acceptable transfer method), at such address as COMPANY may hereafter designate, no later than ten (10) days after SHIPPER's receipt thereof. All payments made by SHIPPER shall include COMPANY's invoice number(s) and documentation for purposes of matching the payment to the invoice. If payment differs from invoice amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer in which case, the remittance detail is due within two (2) Business Days of the payment due date.

15.3 Invoice Disputes and Interest on Unpaid Amounts:

If SHIPPER disputes, in good faith, the amount of any invoice from COMPANY, it shall provide a description and supporting documentation of its position and timely submit payment of the amount it states is due to COMPANY along with remittance detail. COMPANY shall apply such payment in accordance with SHIPPER's documentation.

SHIPPER agrees that COMPANY's acceptance of a partial payment does not waive COMPANY's right to full payment after resolution of the disputed invoice in the future.

Should SHIPPER fail to pay any amount when due, interest on the unpaid amount shall accrue at the rate equal to the rate then set forth in Section 154.501(d) of the Commission's Regulations from the date payment was due until payment is made. COMPANY agrees to waive interest charges on a late payment if such charge is not in excess of \$100.00 or if SHIPPER, through no fault of its own, fails to receive its monthly invoice by the payment due date and notifies COMPANY of such failure. If any such failure to make payment continues for twenty (20) days or more, COMPANY may suspend the further transportation of gas upon ten (10) days' prior written notice to SHIPPER and the Commission, but the exercise of such right shall be in addition to any other remedy available to COMPANY; provided, however, that if SHIPPER, in good faith, has disputed the amount of any such bills or parts thereof and paid COMPANY in a timely manner such amounts as it concedes to be correct and, at any time thereafter within thirty (30) days of a demand made by COMPANY, shall furnish a good and sufficient surety bond in an amount and with sureties satisfactory to COMPANY conditioned upon the payment of any amounts ultimately found due upon such bills after a final determination, which may be reached either by agreement or judgment of the courts, as the case may be, then COMPANY shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions on such bond. In the event it is finally determined or agreed that no payments were due from SHIPPER on such disputed bills, then COMPANY will reimburse SHIPPER for the cost of procuring the surety bond within ten (10) days after receipt of a detailed invoice therefor from SHIPPER.

15.4 Prepayment in the Event of Default:

Upon default in payment for a period in excess of twenty (20) days, COMPANY may require as a condition to the continuation or recommencement of transportation services a deposit or other acceptable credit arrangement in an amount equal to not more than three estimated maximum monthly bills for transportation services.

General Terms and Conditions

16. NOTICES

16.1 General Notices:

Except for notices concerning nominations, confirmations, limitations, interruptions, and other similar matters concerning the dispatching of gas, any notice, request, or demand concerning service under any Service Agreement may be given in writing and sent by facsimile machine to the number specified in the Service Agreement or by first-class U.S. mail, postage prepaid, to the address specified in the Service Agreement, but shall be deemed duly given if in writing and sent by postpaid registered or certified mail to the address specified in the Service Agreement.

16.2 Addresses and Authorized Personnel:

COMPANY and SHIPPER shall specify in the Service Agreement the name and address of the person authorized to receive notices, requests, and demands on its behalf. COMPANY and SHIPPER may specify separate recipients for different purposes and may change an authorized recipient at any time by giving the other party prior notice electronically on Company's Interactive Internet Website or in writing of such change.

16.3 Dispatching Notices:

- (a) All notices concerning the daily nomination and confirmation of gas supplies for transportation shall be given by facsimile machine to the number specified in the Service Agreement or by Company's Interactive Internet Website to parties who elect to use Company's Interactive Internet Website.
- (b) All notices concerning the imposition of penalties hereunder on less than 24 hours notice shall be given by telephone to the number specified in the Service Agreement.
- (c) COMPANY and SHIPPER may agree in writing to an alternative method of giving notice to those specified in Sections 16.3(a) and 16.3(b). Any such agreed upon alternative method of giving notice shall remain effective until rescinded by either party giving prior written notice to the other party. COMPANY and SHIPPER may change any telephone number or facsimile machine number to which dispatching notices are to be given at any time by giving prior written notice to the other party.

- (c) On a daily basis, COMPANY shall make available to all SHIPPERS on its Internet Web Site under critical notices and at each SHIPPER'S electronic mailbox a list of any scheduled quantities that are being bumped due to capacity allocations under Section 12.2 of the Tariff.

16.4 Emergency Contact and Constructive Notice:

COMPANY and SHIPPER shall specify in the Service Agreement the name, telephone number, and, if available, facsimile machine number, of up to three persons authorized to receive dispatching and emergency notices on a twenty-four-hours-a-day basis. Notices outside of normal business hours shall be given to this authorized representative. If either party is unsuccessful in contacting the other party's authorized representative at the telephone number provided in the Service Agreement when providing telephonic notice pursuant to Section 16.3(b) above, that party may establish constructive notice to the other party and that notice will be deemed duly given when either:

- (a) notice is sent by facsimile machine, in which case the notice shall be deemed given at the time the sending facsimile machine confirms that the message was sent, or
- (b) notice is attempted to be sent by facsimile machine, but the sending facsimile machine does not confirm that the message was sent, in which case COMPANY shall make at least two additional attempts to send the message and the notice shall be deemed given at the time the third attempt is made or at the time the sending facsimile machine confirms that the transmission could not be sent, or
- (a) notice is attempted by making at least three telephone calls not less often than fifteen minutes apart, in which case the notice shall be deemed given at the time the third call is made.

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17. PREGRANTED ABANDONMENT OF LONG-TERM, FIRM SERVICE AGREEMENTS

The following provisions shall apply to all firm transportation Service Agreements in effect prior to March 27, 2000, or, which have a primary term for service thereunder of one (1) year or more where the Shipper is paying the applicable maximum rate. For purposes of this Section, firm transportation Service Agreements under Rate Schedule FT-2 shall be deemed to meet this term requirement. No later than forty-five (45) days prior to the termination of any primary or renewal term of SHIPPER's firm Service Agreement, whether such date is specified in the Service Agreement or in COMPANY's notice of termination as allowed by such Service Agreement, COMPANY shall post on Company's Internet Web Site the capacity which will be available upon the termination of SHIPPER's firm Service Agreement.

Each bidder for SHIPPER's firm capacity, or any part thereof, must submit its bid to COMPANY electronically on Company's Interactive Internet Website or in writing (with the appropriate service request form and prepayment) within the time specified by COMPANY on Company's Interactive Internet Website. Each bid shall contain the term for which the capacity is sought and the percentage of the maximum rate in effect during said term which the bidder is willing to pay for the capacity, not to exceed 100% of the maximum rate. If COMPANY receives more than one bid for SHIPPER's capacity, and it does not reject all bids as provided below, it will choose the bid, or combination of bids, which generates the greatest present value of revenues (best bid); provided, however that COMPANY reserves the right to reject any bid which is for less than 100% of the maximum rate applicable to SHIPPER's firm service.

COMPANY will notify SHIPPER of the best bid received that COMPANY is willing to accept, and SHIPPER shall have a specified time, but no less than fifteen (15) days, within which it must match the price percentage and contract term offered in the best bid in order to retain its firm capacity. If SHIPPER matches the best bid, COMPANY and SHIPPER will enter into a new firm Service Agreement reflecting the terms of SHIPPER's matching bid. If SHIPPER fails to match the best bid within the time allowed by COMPANY, SHIPPER's existing firm Service Agreement will be subject to pregranted abandonment upon the effective termination date of SHIPPER's Service Agreement and COMPANY will enter into a new firm Service Agreement of even date with the party or parties offering the best bid.

In the event COMPANY does not receive any bids for SHIPPER's capacity or any bids which are acceptable to COMPANY, SHIPPER shall have the right to retain its firm capacity at the maximum rate applicable thereto, or any discount agreed to by COMPANY, for an additional term as requested by SHIPPER. If SHIPPER refuses to renew its firm Service Agreement at the maximum rate, absent an agreement by COMPANY to discount, said Service Agreement shall be subject to pregranted abandonment on the effective date of termination.

If SHIPPER gives notice to terminate its firm Service Agreement pursuant to the provisions contained therein, said agreement shall be subject to pregranted abandonment on the effective date of SHIPPER's termination notice.

General Terms and Conditions

18. SHIPPER RELEASE OF FIRM CAPACITY

18.1 General:

This Section 18 sets forth the sole means by which a firm SHIPPER (RELEASING SHIPPER) may, pursuant to Section 284.8 of the Commission's Regulations, release its firm capacity rights under a Service Agreement with the COMPANY to a third party (ACQUIRING SHIPPER).

18.2 Capacity Eligible For Release:

A SHIPPER with a Service Agreement with the COMPANY under Rate Schedules FT-1 and FT-2 may release firm capacity pursuant to this Section 18.

18.3 Types of Releases:

- (a) Permanent Release: A RELEASING SHIPPER may release all or part of its firm capacity under a Service Agreement with the COMPANY for the entire remaining term of the Service Agreement (Permanent Release) pursuant to the provisions of this Section 18. A Permanent Release is an assignment of capacity and any associated rights of the RELEASING SHIPPER under Section 17 hereof for avoiding pregranted abandonment. Therefore, the ACQUIRING SHIPPER must meet the COMPANY's requirements related to creditworthiness set forth in Section 2.1(g) of the General Terms and Conditions applicable to the RELEASING SHIPPER's Service Agreement. The ACQUIRING SHIPPER shall be required to execute a separate firm Service Agreement with the COMPANY for the released capacity at the maximum rate applicable to and for the primary term remaining under the RELEASING SHIPPER's Service Agreement with the COMPANY, unless the COMPANY agrees otherwise in a nondiscriminatory manner. Furthermore, the ACQUIRING SHIPPER must contract for the firm Receipt and Delivery Points specifically set forth in a RELEASING SHIPPER's Offer of firm capacity under Section 18.6(c) below or alternate Receipt Points subject to the availability of capacity at and from such points. To be eligible under this Section 18.3(a) to acquire capacity pursuant to a Permanent Release from a RELEASING SHIPPER under Rate Schedule FT-2, ACQUIRING SHIPPER must meet all of the requirements for service under Rate Schedule FT-2, including executing a Reserve Commitment Agreement and must provide COMPANY with a production profile that supports the TD schedules for the acquired capacity.

The ACQUIRING SHIPPER then has the right to release its capacity on a permanent or temporary basis under the terms and conditions of this Section 18. Upon the successful completion of a Permanent Release, the RELEASING SHIPPER shall be responsible only for those charges under its Service Agreement incurred with respect to the released capacity prior to the effective date of the Permanent Release hereunder, as well as charges it continues to incur for firm capacity not released on a permanent basis.

- (b) Temporary Release: A RELEASING SHIPPER may release all or part of its firm capacity under a Service Agreement with the COMPANY on a temporary basis, i.e. for a term less than the remaining term (Temporary Release), pursuant to one of the following methods and the further provisions of this Section 18; provided that a SHIPPER under Rate Schedule FT-2 may release capacity on a temporary basis hereunder only during the months in which SHIPPER is not being billed a Reservation Charge calculated on a volumetric basis.
- (1) Firm Temporary Release: A RELEASING SHIPPER may temporarily release capacity on a firm basis for a specified term without a right of recall, except as provided in Section 18.5 below. The minimum term for any Firm Temporary Release shall be one contract day. All Firm Temporary Releases exceeding one contract day must be offered for a consecutive number of days, but such release can commence on any day during the month.
- (2) Temporary Release Subject to Recall: Subject to the provisions of Section 18.3(b)(3) herein, a RELEASING SHIPPER may temporarily release firm capacity subject to a right of recall by the RELEASING SHIPPER upon the occurrence of the condition precedent specified in the RELEASING SHIPPER's Offer under Section 18.6(c) below. The minimum term for any Temporary Release Subject to Recall shall be one contract day. Any Temporary Release Subject to Recall offered for more than one contract day must be offered for a consecutive number of days, but such release can commence on any day during the month.
- (3) Recall Rights: A RELEASING SHIPPER has the right to define the condition(s) precedent which will result in a recall of the released firm capacity; provided, however, that such condition(s) shall not be inconsistent with the terms and conditions of the RELEASING SHIPPER's Service Agreement with the COMPANY nor with the provisions of the COMPANY's FERC Gas Tariff. Furthermore, the recall conditions specified by the RELEASING SHIPPER must be nondiscriminatory and identifiable events.

A RELEASING SHIPPER exercising its right to recall its firm capacity released under Rate Schedules FT-1 and FT-2, may , to the extent

permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at the Timely Nomination cycle and the Evening Nomination cycle, and recall unscheduled released capacity at the Intra-Day 1 and Intra-Day 2 Nomination cycles by providing notice to COMPANY by the following times for each cycle: 8:00 a.m. Central Clock Time for Timely Nomination cycle; 5:00 p.m. Central Clock Time for the Evening Nomination cycle; 8:00 a.m. Central Clock Time for Intra-Day 1 Nomination cycle, and 3:00 p.m. for the Intra-Day 2 Nomination cycle. Notification to ACQUIRING SHIPPERS provided by COMPANY within one hour of receipt of recall notification. COMPANY shall provide the RELEASING SHIPPER with the ability to notify COMPANY of a recall of its released capacity through Company's Interactive Internet Website. A RELEASING SHIPPER exercising its right to recall its firm capacity released under Rate Schedules FT-1 and FT-2, may, to the extent permitted as a condition of the capacity release, recall released capacity at the following times:

- (i) Timely Recall Notification:
 - (a) RELEASING SHIPPER recalling capacity should provide notice of such recall to COMPANY and the first ACQUIRING SHIPPER no later than 8:00 a.m. on the day that Timely nominations are due;
 - (b) The COMPANY will provide notification of such recall to all affected ACQUIRING SHIPPERS no later than 9:00 a.m. on the day that Timely Nominations are due Central Clock Time.
- (ii) Early Evening Recall Notification:
 - (a) RELEASING SHIPPER recalling capacity should provide notice of such recall to COMPANY and the first ACQUIRING SHIPPER no later than 3:00 p.m. on the day that Evening nominations are due;
 - (b) The COMPANY will provide notification of such recall to all affected ACQUIRING SHIPPERS no later than 4:00 p.m. on the day that Evening Nominations are due Central Clock Time;
- (iii) Evening Recall Notification:
 - (a) RELEASING SHIPPER recalling capacity should provide notice of such recall to COMPANY and the first ACQUIRING SHIPPER no later than 5:00 p.m. on the day that Evening nominations are due;
 - (b) The COMPANY will provide notification of such recall to all affected ACQUIRING SHIPPERS no later than 6:00 p.m.

on the day that Evening Nominations are due Central
Clock Time;

- (iv) Intra-day 1 Recall Notification:
 - (a) RELEASING SHIPPER recalling capacity should provide notice of such recall to COMPANY and the first ACQUIRING SHIPPER no later than 7:00 a.m. on the day that Intra-day 1 nominations are due;
 - (b) The COMPANY will provide notification of such recall to all affected ACQUIRING SHIPPERS no later than 8:00 a.m. on the day that Intra-day 1 Nominations are due Central Clock Time; and
- (v) Intra-day 2 Recall Notification:
 - (a) RELEASING SHIPPER recalling capacity should provide notice of such recall to COMPANY and the first ACQUIRING SHIPPER no later than 2:30 p.m. on the day that Intra-day 2 nominations are due;
 - (b) The COMPANY will provide notification of such recall to all affected ACQUIRING SHIPPERS no later than 3:30 p.m. on the day that Intra-day 2 Nominations are due Central Clock Time.

COMPANY shall provide the RELEASING SHIPPER with the ability to notify COMPANY of a recall of its released capacity through COMPANY'S Interactive Internet Website or another mutually agreed upon method of notification, provided that such method is agreed upon by the COMPANY and the RELEASING SHIPPER in advance of the RELEASING SHIPPER'S recall of capacity. The recall notification should specify the recall notification period of the specified effective gas day, as well as any other information needed to uniquely identify the capacity being recalled.

A RELEASING SHIPPER shall be responsible for notifying, or causing to be notified, its ACQUIRING SHIPPER (and all subsequent ACQUIRING SHIPPERS) prior to the exercise of the RELEASING SHIPPER's recall right. The COMPANY has the right to rely on a RELEASING SHIPPER's notice and a RELEASING SHIPPER shall defend and indemnify the COMPANY against any claims, losses, liabilities or expenses resulting from claims by any ACQUIRING SHIPPER that it was not notified or that firm capacity was not recalled in accordance with the recall rights specified by the RELEASING SHIPPER in its Offer.

If time remains in the term for which the firm capacity was temporarily released, the capacity shall revert back to the last ACQUIRING SHIPPER upon notice given by the RELEASING SHIPPER in the same manner and time as set forth above for exercising a recall of firm capacity prior to the contract day on which the capacity is to again be released. If following the recall, no time remains in the term for which the capacity was temporarily released, the capacity rights shall remain with the

RELEASING SHIPPER for either its continued utilization or for release again pursuant to this Section 18.

- (4) Secondary Release of Firm Capacity: An ACQUIRING SHIPPER who has acquired firm capacity hereunder on a temporary basis may subsequently release the capacity it has acquired, as set forth on the Addenda to its Capacity Release Service Agreement(s), in accordance with the terms of this Section 18 (Secondary Release), thereby becoming a RELEASING SHIPPER. A Secondary Release of capacity cannot operate to release greater capacity rights than the capacity acquired by the RELEASING SHIPPER. Furthermore, to the extent that a RELEASING SHIPPER acquired firm capacity subject to a right of recall, the capacity then released by the RELEASING SHIPPER, and any subsequent Secondary Release of the capacity thereafter, shall also be subject to the right of recall.
- (c) The following releases need not comply with capacity bidding requirements: release of capacity to an asset manager pursuant to Section 284.8(h)(3) of the Commission's Regulations, release of capacity to a marketer participating in a state-regulated retail access program pursuant to Section 284.8(h)(4) of the Commission's Regulations, release of capacity for more than one year at the maximum rate, and a release of capacity for thirty-one (31) days or less. For releases of capacity for thirty-one (31) days or less the minimum term for such release shall be one (1) contract day and the term must be for a consecutive number of days. Once the term of a release for 31 days or less hereunder has expired, the RELEASING SHIPPER cannot release its capacity to the same ACQUIRING SHIPPER under this provision until twenty-eight (28) days or more have elapsed since the termination of the un-posted release hereunder. The timetables set forth in Appendix E hereto shall not apply to these non-posted releases, except for those releases of 31 days or less which the RELEASING SHIPPER elects to post for competitive bidding. Under either type of non-posted release, the RELEASING SHIPPER and its ACQUIRING SHIPPER shall notify COMPANY electronically on Company's Interactive Internet Website of the terms of the release. It is provided, however, that the offer and bid for a prearranged release of capacity on a permanent basis shall be entered into Company's Interactive Internet Website by 5:00 p.m. two business days prior to the nomination deadline for the effective date of the release. The ACQUIRING SHIPPER must also be prequalified pursuant to the requirements of Section 18.6(e) below. COMPANY shall post on Company's Internet Web Site the terms of a release entered into under this Section 18.3(c) as soon as possible, but no later than the first nomination cycle release transaction commences.
- (d) For purposes of applying any rate cap applicable to capacity releases under Section 18.3(b) or (c), the maximum rate shall be the maximum rate set forth in the applicable Rate Schedule, except that no maximum rate limitation applies to a release of capacity for a period of one year or less if the release is to take

effect on or before one year from the date on which COMPANY is notified of the release.

18.4 RELEASING SHIPPER's and ACQUIRING SHIPPER's Obligations:

- (a) ACQUIRING SHIPPER: To bid on capacity offered under one of the types of Temporary Releases set forth in Section 18.3(b) above, the bidder must be preapproved for credit and have an executed FT-1 firm transportation Service Agreement (sometimes referred to herein as Service Agreement), as more particularly set forth in Section 18.6(e) below. To bid on capacity for a Permanent Release under Section 18.3(a) above, the bidder must be preapproved for credit, as more particularly set forth in Section 18.6(e) below. Any bid submitted and not withdrawn by the end of the bid period will legally bind the bidder to the terms of the bid if COMPANY chooses such bid as the "best bid" under Section 18.6(h) below. Bids shall be binding until written or electronic notice of withdrawal is received by the capacity release service provider. Once a bid on an Offer for a Permanent Release of capacity under Section 18.3(a) is accepted, the ACQUIRING SHIPPER shall execute an amendment to its Service Agreement with the COMPANY to utilize the capacity under the terms set forth in the accepted bid and the terms and conditions of the COMPANY's FERC Gas Tariff applicable to the capacity released. Before an ACQUIRING SHIPPER may execute an amended Service Agreement with COMPANY to utilize released firm capacity, the ACQUIRING SHIPPER must satisfy all of the COMPANY's requirements relating to the Rate Schedule under which the capacity has been released. Once a bid on an Offer for a Temporary Release of capacity under Section 18.3(b) is accepted, COMPANY will issue an Addendum to the Service Agreement to reflect the terms of the bid, and the ACQUIRING SHIPPER agrees that the Addendum to its Service Agreement provided by COMPANY shall be binding and no further execution thereof shall be required. Once the ACQUIRING SHIPPER electronically executes its amended Service Agreement resulting from a Permanent Release or COMPANY provides the ACQUIRING SHIPPER an Addendum to its Service Agreement, the ACQUIRING SHIPPER becomes an existing SHIPPER with separate firm contract quantities like any other SHIPPER and is subject to the applicable provisions of COMPANY's FERC Gas Tariff, including but not limited to COMPANY's billing and payment and operational provisions.
- (b) RELEASING SHIPPER: The RELEASING SHIPPER shall remain fully liable on its existing Service Agreement with the COMPANY for the payment of all reservation charges for the contract quantity which has not been released permanently, associated surcharges, fixed charges, and direct bills owing to the COMPANY each month under the existing Service Agreement, as well as for services performed for or penalties incurred by the RELEASING SHIPPER under its firm Service Agreement with respect to any remaining capacity thereunder.

18.5 Billing and Payment:

An ACQUIRING SHIPPER shall be billed by the COMPANY and shall make payments to the COMPANY in accordance with the terms of its executed Service Agreement. On the RELEASING SHIPPER's bill for a month in which it released capacity hereunder on a temporary basis, COMPANY shall credit all reservation charge revenues billed by COMPANY to the ACQUIRING SHIPPER for the released capacity; provided, however, that in the event the ACQUIRING SHIPPER fails to pay COMPANY for any part of the amount credited to the RELEASING SHIPPER's bill, COMPANY reserves the right, after it exhausts any credit it has on file for the ACQUIRING SHIPPER, to reverse the credit on the RELEASING SHIPPER's bill in a later month up to the unpaid amount plus interest thereon. If the ACQUIRING SHIPPER fails to pay its reservation charges pursuant to the provisions of Section 15 of these General Terms and Conditions, the RELEASING SHIPPER shall have the right to recall its capacity by notifying the ACQUIRING SHIPPER and COMPANY of such recall pursuant to the provisions of Section 18.3(b)(3) above. All reservation charge credits to the RELEASING SHIPPER's bill shall be final and nonreversible upon COMPANY's receipt of payment therefor from the ACQUIRING SHIPPER. Unless COMPANY agrees otherwise in writing, COMPANY shall not be required to credit all reservation charge revenues billed to the ACQUIRING SHIPPER to the extent a RELEASING SHIPPER's firm Service Agreement under which it pays a discount provides otherwise with respect to credits in excess of the RELEASING SHIPPER's discount rate.

The ACQUIRING SHIPPER shall be obligated to pay the COMPANY the maximum Transportation Charge plus all associated volumetric surcharges and fuel, applicable to the volumes the COMPANY transports under the ACQUIRING SHIPPER's firm Service Agreement. The COMPANY will retain the Transportation Charge, associated volumetric surcharges and fuel it receives from the ACQUIRING SHIPPER. If any of the rates billed to and paid by the ACQUIRING SHIPPER under its Service Agreement exceed the rate which the Commission determines to be just and reasonable and COMPANY is ordered to make refunds, the ACQUIRING SHIPPER shall be eligible to receive refunds to the extent of any payments it made in excess of the rates the Commission subsequently determined to be just and reasonable.

18.6 Offer and Bid Procedures:

- (a) Offer/Bid Schedule: The minimum days and times by which both offers and bids for releases of capacity must be electronically transmitted to the COMPANY in accordance with the procedures set forth in Section 18.6(c) and Section 18.6(f) below, as well as other minimum deadlines required by COMPANY for successful completion of the bid/offer cycle, are set forth in Appendix E to these General Terms and Conditions. The timetables in Appendix E set forth the deadlines for standard offers to release capacity, i.e., those which contain no special terms and conditions. For index-based capacity release transactions, the RELEASING SHIPPER has provided COMPANY with sufficient instructions to evaluate the corresponding bid(s) according to the timeline. Offers which contain special

terms and conditions, including, but not limited to, best bid criteria and tie breakers other than those set forth in Sections 18.6 (h) and (i) hereof, are deemed to be non-standard offers and shall require additional evaluation time. Further, COMPANY may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by COMPANY). It shall be the sole responsibility of the RELEASING SHIPPER to post its Offer in sufficient time to allow the release to occur on the date offered given the schedule to be applied and any extensions of that schedule allowed by the RELEASING SHIPPER in its Offer. A RELEASING SHIPPER shall not be able to specify an extension of the original bid period or the prearranged deal match period, without posting a new release.

The RELEASING SHIPPER may post its Offer earlier than the day set forth in the applicable timetable in Appendix E hereto, thereby extending the bid period for such Offer. If it posts its Offer early, the RELEASING SHIPPER may alter the bid deadline and the deadline for removing contingencies by changing them to an earlier date so long as the interval between each deadline is no shorter than the intervals set forth in the applicable timetable in Appendix E hereto. If the RELEASING SHIPPER allows contingent bids to be submitted, each bidder submitting a valid, contingent bid must notify COMPANY by the deadline set forth in the applicable Appendix E timetable, unless the RELEASING SHIPPER specified another deadline pursuant to the foregoing procedures, that the contingency has been removed and that the bid is to remain eligible for processing. It is provided, however, that the bidder does not have to notify COMPANY of the removal of the type of contingency set forth in Section 18.6(f)(11) since such contingency will be resolved during COMPANY's determination of the best bids.

- (b) Offer of Firm Capacity: Pursuant to the applicable schedule established in Section 18.6(a) above, a SHIPPER desiring to release firm capacity shall post on Company's Internet Web Site, on the standard form provided by COMPANY on Company's Internet Web Site, an offer of firm capacity (herein called Offer), except as provided otherwise in Section 18.3(c) above. The COMPANY shall date and time stamp all offers as they are received and shall post such Offer if it is complete unless the RELEASING SHIPPER specifies a delayed time and date for its Offer to be posted. In such event, COMPANY shall post the Offer at the time specified by the RELEASING SHIPPER, provided that such time does not conflict with the deadlines set forth in Appendix E hereto. The RELEASING SHIPPER agrees that its posted Offer specifically is subject to the following conditions:
- (1) In the event two or more RELEASING SHIPPERS wish to combine Offers of capacity into one Offer, the capacity must be released for the same term, and each RELEASING SHIPPER must appoint in writing or through Company's Interactive Internet Website to COMPANY, prior to the

posting of such an Offer, the same agent for purposes of submitting a joint Offer.

- (2) Once a RELEASING SHIPPER's Offer is posted, it may be withdrawn by the RELEASING SHIPPER at any time during the bid period where unanticipated circumstances justify and no bids have been submitted which exceed the minimum conditions established in the Offer. Offers shall be binding until written or electronic notice of withdrawal is received by the capacity release service provider.

(c) RELEASING SHIPPER's Offer: A RELEASING SHIPPER's Offer shall include, inter alia, the following standard information:

- (1) the name of the RELEASING SHIPPER;
- (2) the Rate Schedule(s) under which the capacity being offered for release is held;
- (3) the contract number(s) of the RELEASING SHIPPER's Service Agreement(s);
- (4) whether the release is permanent or temporary;
- (5) if a temporary release,
 - (a) whether the release is firm or subject to a right of recall;
 - (b) if subject to recall, the identifiable condition(s) precedent upon which the recall right will be asserted;
- (6) the amount(s) of capacity to be released and whether bids for less than the full volume offered are acceptable and, if so, whether the RELEASING SHIPPER wants the full capacity awarded to multiple qualifying bidders in the order of best bid;
- (7) the term of the release and whether bids for less than the full term offered are acceptable;
- (8) the Delivery Points at which the capacity is to be released and relevant Delivery Point Codes;
- (9) any Receipt Points at which capacity is offered and relevant Receipt Point Codes;

- (10) whether the offer is subject to a Prearranged Bid and, if so, the name of and DUNS number for the Prearranged Bidder;
- (11) any minimum Reservation Charge (inclusive of reservation surcharges) percentages, or the index-based formula as detailed in the capacity release offer thereof at which the bids must begin or whether the bids on the Reservation Charge (inclusive of reservation surcharges) should be submitted on a volumetric rate basis;
- (12) if bids on a volumetric rate basis are acceptable, whether the volume bid is a minimum daily throughput commitment for billing purposes, i.e. the ACQUIRING SHIPPER's monthly bill and the RELEASING SHIPPER's monthly credit will be no less than the volume bid multiplied by the volumetric rate bid multiplied by the number of days in the month that the release was in effect;
- (13) whether contingent bids may be submitted and the deadline for removing any such contingencies;
- (14) pursuant to the provisions of Section 18.6(a) hereof, any extensions in the deadlines established in said Section 18.6(a);
- (15) pursuant to Section 18.6(h) hereof, the economic criteria to be utilized by COMPANY in determining the "best bid";
- (16) pursuant to Section 18.6(i) hereof, a nondiscriminatory tie breaker to be utilized in determining the "best bid" in the event two or more bids generate equal revenues.
- (17) whether or not the RELEASING SHIPPER will repute the capacity to the Acquiring Shipper at the end of a recall of the capacity.
- (18) whether a release is to an asset manager.
- (19) whether a release is to a marketer participating in a state-regulated retail access program.
- (20) any delivery or supply obligations related to a release to an asset manager.

The following information shall be supplied by COMPANY with each Offer: (i) the maximum reservation charge (and reservation surcharges) applicable to the capacity being released, (ii) the maximum reservation charge (and reservation surcharges) converted to a 100% load-factor volumetric rate if the Offer requires bids on a volumetric rate basis, (iii) the date and time the Offer was

posted on Company's Internet Web Site, and (iv) the date and time the bid period ends.

- (d) **Prearranged Bidders:** A RELEASING SHIPPER must identify in its Offer any "Prearranged Bid" to be made on the firm capacity offered for release. However, the "Prearranged Bidder" must also meet all of the requirements established for bidders pursuant to Section 18.6(e)-(g) below. A Prearranged Bidder must also submit its bid in accordance with Section 18.6(f) below. If the Prearranged Bidder tenders a bid for the offered capacity at the maximum reservation charge applicable to the release for the full volume, capacity and term offered by the RELEASING SHIPPER, and the Prearranged Bidder satisfies all of the requirements of Section 18.6(e)-(g) below, the Prearranged Bid will be deemed the "best bid". The COMPANY shall thereafter post on Company's Internet Web Site, as set forth in Section 18.3(c) above, the identity of the Prearranged Bidder, and the terms upon which the capacity was released. In all other situations, the Prearranged Bid shall constitute the minimum bid price for all other bidders, and shall be posted on the RELEASING SHIPPER's Offer as such. If the COMPANY does not receive any better bid by the date on which all bids are due, the Prearranged Bid shall be deemed the best bid. If the COMPANY does receive a better bid by the date on which all bids are due, the Prearranged Bidder shall have the right to match the terms of the better bid by the deadline established in Section 18.6(a) above. If the Prearranged Bidder matches the better bid, the Prearranged Bidder shall be deemed to have made the best bid.
- (e) **Prequalified Bidder Requirements:**
- (1) All parties desiring to bid on firm capacity offered by a RELEASING SHIPPER must be prequalified by COMPANY as creditworthy in order to be eligible to submit a bid on an offer of released capacity. Unless the COMPANY agrees it has already determined the bidder to be creditworthy or to have suitable credit on file with COMPANY, the potential bidder must submit to COMPANY the information set forth in Section 2.1(a)(xi) hereof to enable COMPANY to determine the party's creditworthiness. A bidder's creditworthiness shall be assessed on the same basis as a SHIPPER's creditworthiness under the terms of the Tariff applicable to the capacity being offered. If the potential bidder fails to demonstrate creditworthiness, the bidder may still be prequalified if it provides one of the credit alternatives set forth in Section 2.1(g) hereof. If a party does not qualify as a prequalified bidder pursuant to this Section 18.6(e), the party cannot bid on a RELEASING SHIPPER's Offer.
- (2) Prior to submitting a bid on a Temporary or Permanent Release of capacity offered by a RELEASING SHIPPER, the bidder must request and execute a Service Agreement in the form set forth in this Tariff. A

potential bidder shall request a Service Agreement by submitting to COMPANY on Company's Interactive Internet Website a valid Request Form, in the format set forth in the Transportation Request Form. The parties shall execute the Service Agreement electronically through Company's Interactive Internet Website, followed by written execution as soon as possible thereafter. The terms of each winning bid shall be set forth on an Addendum to the ACQUIRING SHIPPER's applicable Service Agreement if the release is temporary or as an amendment to the Service Agreement if the release is permanent.

- (3) Prior to submitting a bid on a Permanent Release of capacity under Rate Schedule FT-2, the bidder must have complied with all of the requirements for service under Rate Schedule FT-2, including executing a Reserve Commitment Agreement, and must have provided COMPANY with a production profile that supports TD schedules for the acquired capacity.
- (f) Bidding Procedures: All bids on a RELEASING SHIPPER's Offer, except as provided in Section 18.3(c) above, shall be transmitted electronically to the COMPANY on Company's Interactive Internet Website in the standard form provided on Company's Internet Web Site. The COMPANY shall date and time stamp all bids as they are received. The COMPANY shall post for viewing by other parties during the bid period all bids received on a RELEASING SHIPPER's Offer, except for the names of the bidders. A separate bid shall be submitted for each separate RELEASING SHIPPER's Offer on which a bidder wishes to bid. The price bid on any Offer of capacity must be submitted on a reservation charge basis unless the Offer states that bids on a volumetric rate basis are acceptable. All bids on Temporary Releases of capacity must be for the specified Delivery (and Receipt) Points offered or at an alternate Receipt Point, subject to the availability of capacity. The Delivery Points and Receipt Points, if applicable, awarded to the ACQUIRING SHIPPER under this Section 18 shall constitute the only Exhibit A Receipt Points and Exhibit B Delivery Points to which the ACQUIRING SHIPPER is entitled under the Service Agreement entered into with COMPANY pursuant to these provisions. The ACQUIRING SHIPPER's Service Agreement shall be eligible for alternate Receipt Points and alternate Delivery Points, however, for COMPANY's pipeline system in accordance with Sections 6.1 and 6.2 of the General Terms and Conditions.

The bid shall include inter alia the following information included in the standard bid form on Company's Internet Web Site:

- (1) the bidder's name;

- (2) the bidder's DUNS number;
- (3) the Offer number and contract number(s) of the RELEASING SHIPPER's Service Agreement(s) on which the bid is being made;
- (4) the Reservation Charge bid per Dth for the released capacity or the Reservation Charge bid at a volumetric rate per Dth based on the requirements of the Offer;
- (5) whether the bidder is a Prearranged Bidder;
- (6) the term for which the bid is being made if the Offer allows bids on less than the term offered;
- (7) if the Offer allows bids on less than the full capacity offered, the transportation capacity requested at each Delivery Point;
- (8) if the bidder wishes to request firm Delivery Points other than those offered, the Delivery Points requested (and relevant Delivery Point Codes) within the capacity path of the Delivery Points offered;
- (9) the bidder's Service Agreement number;
- (10) if contingent bids are allowed by the Offer, the description of the contingency for the bid; and
- (11) if the following type of on-system contingency is allowed by the Offer, whether the bidder is submitting a bid on more than one Offer during the same offer/bid cycle and the bidder wishes to condition its bid on the success or failure of the other bid or bids and, if so a list of the other bids and a ranking of the bids in order of preference to the bidder to be used by COMPANY in the event the bidder wins more than one bid during the same offer/bid cycle.
- (12) the information required by Section 250.16 of the Commission's Regulations to the extent necessary to allow COMPANY to comply with its reporting/posting requirements under Section 250.16 to include the following:
 - (a) the specific affiliation of the bidder/ACQUIRING SHIPPER with COMPANY.

A bidder may withdraw its bid on an Offer at any time prior to the end of the bid period, but any subsequent bids submitted by the bidder on that Offer during the bid period must be equal to or higher than the bidder's previous bid(s).

- (g) The COMPANY's Initial Review: Upon receipt of all bids, the COMPANY shall engage in an initial review to determine whether a bid will be deemed eligible for consideration as the best bid. Any bid deemed ineligible pursuant to this Section 18.6(g) shall be eliminated from consideration. A bid shall be deemed ineligible if:
- (1) the bid (or bidder) does not comply with all of the terms and conditions and deadlines of this Section 18; or
 - (2) the bid submitted exceeds the bidder's preapproved credit term or limits; or
 - (3) the bid is for capacity at Delivery and Receipt Points other than those points specified in the Offer or those Delivery Points within the capacity path of the Delivery Points offered by the RELEASING SHIPPER; or
 - (4) the bid does not meet the minimum terms of the RELEASING SHIPPER's Offer; or
 - (5) the bidder has not removed the contingency by the deadline set forth in the Offer.
- (h) The Best Bid Determination: All bids deemed to be eligible following the COMPANY's initial review pursuant to Section 18.6(g) above shall be reviewed in determining the best bid. The best bid shall be determined by COMPANY pursuant to the following criteria: The eligible bids will be evaluated by COMPANY by multiplying the price bid times the volume bid. Bids for a term of more than one (1) month that vary in price or term shall be discounted to present value based on currently effective Commission interest rates or such other published, objective financial measure as posted by COMPANY in advance of the offer/bid cycle. This formula will generate a revenue number for comparison of the bids and the bid producing the most revenue shall be determined to be the best bid. If the RELEASING SHIPPER's Offer allows the reservation charge to be bid on a volumetric rate basis for purposes of comparing volumetric rate bids to determine the best bid, COMPANY shall assume that the firm transportation quantity requested under a volumetric rate bid will be transported each day of the release unless another calculation is specified in the Offer by the RELEASING SHIPPER.

The best bid as determined herein shall be subject to the rights of a Prearranged Bidder to match the bid in accordance with Section 18.6(d) above. In the event

two or more bids are equivalent, they will be subject to the outcome of the tie breaker as explained in Section 18.6(i) below.

If the RELEASING SHIPPER's Offer allows bidders to request less than the full volume offered, the RELEASING SHIPPER has the option to decide whether or not it wishes for small volume bids to be aggregated for purposes of determining the best bid. If the RELEASING SHIPPER indicates in its Offer that aggregation is allowed, then COMPANY will aggregate the bids in the order in which they generated the most revenues under the best bid criteria until the capacity is fully subscribed, if possible, and all such bids will be deemed to be the best bid for purposes herein. If a bidder indicates in its bid that it does not want to be awarded less volume than requested, and then aggregation of such bid would cause the capacity to be oversubscribed, COMPANY will skip such bid in the aggregation process. In the event the bid that generates the most revenues under the best bid criteria is for the full volume, COMPANY will commence the aggregation with the next highest bid that is not for the full volume and proceed to fill the capacity as described above. The total revenues generated by the aggregated bids, according to the best bid criteria, will then be compared to the full-volume bid generating the most revenues to determine whether the full-volume bid or the aggregated bids generate the most revenues and is the best bid.

In its Offer the RELEASING SHIPPER may specify the COMPANY's best bid criteria set forth above or one of the following pre-programmed criteria:

- (1) Highest rate;
- (2) Rate times volume (regardless of term);
- (3) Net Value (price times volume times term); or
- (4) Present Value.

If the best bid does not utilize all of the capacity being offered for release and the RELEASING SHIPPER provided in its Offer that it would accept multiple qualifying bids, then COMPANY will award the capacity in the order of best bids until it has awarded all of the offered capacity possible.

- (i) Tie Breaker: If there is a tie for the best bid, and there is no Prearranged Bidder who has agreed to match the best bid, the winning bid shall be determined by applying the tie breaker stipulated in the RELEASING SHIPPER's Offer. The RELEASING SHIPPER may specify one of the following tie breakers. If the RELEASING SHIPPER fails to specify a tie breaker, COMPANY shall apply the following tie breakers in the order shown, if necessary:

- (1) the bid submitted first in time as established by the COMPANY's electronic date and time stamp.
 - (2) the bid generating the greatest present value of revenues over the shortest term;
- (j) Determination of Unsubscribed Firm Capacity: If COMPANY finds, after the determination of the best bid for each Offer posted to be effective on the same release date, that there are more best bids for firm capacity at an upstream Delivery Point within the capacity path than the available unsubscribed firm capacity at said point, the capacity shall be awarded by the COMPANY based on the order in which the Offers were posted. If there is insufficient unsubscribed firm capacity to award a winning bidder its requested alternate Delivery Point(s), it shall be awarded the firm Delivery Point(s) set forth in the Offer as its primary Exhibit B Delivery Point(s). Each winning bidder may utilize all Delivery Points on COMPANY's pipeline system on a preferred interruptible (Exhibit B-1/secondary) basis in accordance with Section 6.2 above. COMPANY shall provide on Company's Internet Web Site for use during the bid process a list of all Delivery Points within the capacity path being offered for release and the best available information regarding their associated unsubscribed firm capacities.
- (k) Notification: Upon completion of the best bid determination, the party submitting the best bid, i.e. the ACQUIRING SHIPPER, shall be notified by the COMPANY through Company's Interactive Internet Website. The COMPANY shall further notify all bidders through Company's Internet Web Site that a best bid has been accepted. If the capacity was released on a permanent basis, a firm Service Agreement(s) between the COMPANY and the ACQUIRING SHIPPER, incorporating the terms of the accepted bid, shall be tendered and executed electronically on Company's Interactive Internet Website by the applicable execution deadline set forth in Section 18.6(a) above. COMPANY and the ACQUIRING SHIPPER also shall execute the Service Agreement(s) in writing as soon as possible thereafter. For all other types of releases, COMPANY shall provide the ACQUIRING SHIPPER an Addendum to its applicable Service Agreement which reflects the terms of the ACQUIRING SHIPPER's winning bid. Once capacity is awarded, pursuant to the timetables in Appendix E, ACQUIRING SHIPPER may submit a nomination at the next available nomination cycle and any nomination cycle thereafter for which the Addendum to the Service Agreement is effective. COMPANY shall post on Company's Internet Web Site the details of the winning bid and the ACQUIRING SHIPPER's name as soon as possible after the released capacity is awarded. Such notice shall stay on Company's Internet Web Site for at least thirty (30) days.
- (l) If no bids are submitted by the date upon which all bids are due, the RELEASING SHIPPER's Offer shall be removed from Company's Internet Web Site.

Furthermore, all RELEASING SHIPPERS and ACQUIRING SHIPPERS must comply with the deadlines set forth in Section 18.6(a) above in order to avoid cancellation of their offers or bids by COMPANY.

18.7 Offers to Purchase Firm Capacity:

COMPANY agrees to post on Company's Internet Web Site at a party's request offers to purchase firm capacity on a permanent or temporary basis pursuant to the provisions of Section 18 of these General Terms and Conditions. Each offer will remain on Company's Internet Web Site for five (5) business days before it is removed, unless the requesting party notifies COMPANY prior to the expiration of any five-day period that it wishes to extend the posting for an additional five (5) business days.

APPENDIX E

CAPACITY RELEASE TIMETABLE 1
PREARRANGED RELEASES NOT SUBJECT TO BID

The following deadlines apply to all standard offers to release firm capacity under the provisions of Section 18 of these General Terms and Conditions which are with a Prearranged Bidder and not subject to bid by other parties, i.e. releases for the maximum Reservation Charge (including reservation surcharges) and releases for 31 consecutive days or less that are not roll-overs of previous non-posted releases with the same Prearranged Bidder. The Prearranged Bidder must take all actions required by Section 18 within the following time periods to avoid disqualification. An Addendum to the Service Agreement will be issued within one hour.

Business Day Timely Cycle By 10:30 a.m.	Event
	Offer submitted electronically by RELEASING SHIPPER Bid submitted electronically by Prearranged Bidder Company begins capacity evaluation
By 11:30 a.m.	Addendum to ACQUIRING SHIPPER'S Service Agreement is available on Company's Internet Web Site
Evening Cycle By 5:00 p.m.	Offer submitted electronically by RELEASING SHIPPER Bid submitted electronically by Prearranged Bidder Company begins capacity evaluation
By 6:00 p.m.	Addendum to ACQUIRING SHIPPER'S Service Agreement is available on Company's Internet Web Site

<p>Intraday 1 Cycle By 9:00 a.m.</p>	<p>Offer submitted electronically by RELEASING SHIPPER Bid submitted electronically by Prearranged Bidder Company begins capacity evaluation</p>
<p>By 10:00 a.m.</p>	<p>Addendum to ACQUIRING SHIPPER'S Service Agreement is available on Company's Internet Web Site</p>
<p>Intraday 2 Cycle By 4:00 p.m.</p>	<p>Offer submitted electronically by RELEASING SHIPPER Bid submitted electronically by Prearranged Bidder Company begins capacity evaluation</p>
<p>By 5:00 p.m.</p>	<p>Addendum to ACQUIRING SHIPPER'S Service Agreement is available on Company's Internet Web Site</p>

CAPACITY RELEASE TIMETABLE 2
 RELEASES FOR 1 YEAR OR LESS

Except as set forth in Timetable 1, the following deadlines apply to all standard offers to release firm capacity under the provisions of Section 18 of these General Terms and Conditions for a term of LESS THAN 1 YEAR. All parties who wish to submit such offers or who wish to bid on such posted offers (including a Prearranged Bidder) must take all actions required by Section 18 within the following time periods to avoid disqualification. Any non-standard offers to release capacity for 1 YEAR or less must be posted two business days prior to the nomination deadline.

FOR STANDARD OFFERS:	FOR NONSTANDARD OFFERS:	
Business Day	Business Day	Event
(12:00 p.m.)	2 (12:00 p.m.)	Offer posted by Releasing Shipper
(1:00 p.m.)	2 (1:00 p.m.)	Open Season for bids ends
		Evaluation period begins during which contingencies are eliminated, best bid is determined, ties are broken, and capacity is evaluated.
(2:00 p.m.)	1 (2:00 p.m.)	Evaluation period ends. Prearranged Bidder notified on Company's Interactive

		Internet Website if best bid is higher. Winner is notified if there is no Prearranged Bidder.
(2:30 p.m.)	1 (2:30 p.m.)	Prearranged Bidder chooses to match or not
(3:00 p.m.)	1 (3:00 p.m.)	Winner is notified if Prearranged Bidder does not match General notice to all bidders posted on Company's Internet Web Site. Addendum to Acquiring Shipper's Service Agreement is issued within one hour and available on Company's Interactive Internet Website.

**CAPACITY RELEASE TIMETABLE 3
 RELEASES FOR MORE THAN 1 YEAR**

Except as set forth in Timetable 1, the following deadlines apply to all standard offers to release firm capacity under the provisions of Section 18 of these General Terms and Conditions for a term of MORE THAN 1 YEAR (long-term releases). All parties who wish to submit such offers or who wish to bid on such posted offers (including a Prearranged Bidder) must take all actions required by Section 18 within the following time periods to avoid disqualification. Any non-standard offers to release capacity on a long-term basis must be posted 5 business days prior to the nomination deadline.

FOR STANDARD OFFERS:	FOR NONSTANDARD OFFERS:	
Business Day 4 (12:00 p.m.)	Business Day 5 (12:00 p.m.)	Event Offer posted by Releasing Shipper
(1:00 p.m.)	2 (1:00 p.m.)	Open Season for bids ends Evaluation period begins during which contingencies are eliminated, best bid is

(2:00 p.m.)	1 (2:00 p.m.)	determined, ties are broken, and capacity is evaluated. Evaluation period ends. Prearranged bidder notified on Company's Interactive Internet Website if best bid is higher. Winner is notified if there is no Prearranged Bidder
(2:30 p.m.)	1 (2:30 p.m.)	Prearranged Bidder chooses to match or not
(3:00 p.m.)	1 (3:00 p.m.)	Winner is notified if Prearranged Bidder does not match
		General notice to all bidders posted on Company's Internet Web Site.
		Addendum to Acquiring Shipper's Service Agreement is issued within one hour and available on Company's Interactive Internet Website.

General Terms and Conditions

19. COMPANY'S FACILITY MAINTENANCE

19.1 Notice of Maintenance

When there is a need for COMPANY to engage in routine and normal maintenance of COMPANY's system to undertake repairs and replacements of lines of pipe, meter stations, or other equipment, to schedule DOT compliance activities, to install taps, to make pig runs, to test equipment, or to engage in other similar actions affecting the capacity of any portions of COMPANY's system, COMPANY shall inform all SHIPPERS by posting on Company's Internet Web Site a description of activities that will affect the capacity of any portions of COMPANY's system affected and the estimated time period for such activities.

19.2 Annual Maintenance Allocation:

COMPANY may limit service under Rate Schedules FT-1 and FT-2 for up to two hundred and forty (240) hours per calendar year to perform maintenance on COMPANY's system and during such time period(s) all SHIPPER's with transportation Service Agreements under Rate Schedules FT-1 and FT-2 shall continue to be subject to all Reservation Charges under such transportation Service Agreements.

19.3 Additional Maintenance Period(s)

If the time period in Section 19.2 is exceeded for the performance of maintenance on COMPANY's system, and as a result COMPANY is prevented in some degree from performing transportation services for SHIPPERS under existing FT-1 or FT-2 transportation Service Agreements, then COMPANY shall apply a Reservation Charge credit for the hours in excess of 240 hours under the affected transportation Service Agreements, but only to the degree that transportation service during the excess hours was unavailable for SHIPPER's use.

General Terms and Conditions

20. AFFILIATES

COMPANY shall post on its Internet Web Site at www.destinpipeline.com its procedures for implementation of and compliance with the Commission's Standards of Conduct regulations. All information required to be posted pursuant to such regulations will be provided on COMPANY's Internet Web Site under Informational Postings. Such information will be updated as required by applicable regulations issued by the Commission.

General Terms and Conditions

21. COMPLAINTS

COMPANY shall respond to any complaints which SHIPPER or a potential shipper has regarding transportation service on COMPANY's system within forty-eight (48) hours after receipt by COMPANY. If such complaint is not resolved within thirty (30) days after COMPANY's receipt of the complaint, COMPANY shall respond in writing to the complaining party prior to the expiration of said thirty-day period.

General Terms and Conditions

22. INTERNET WEB SITE

COMPANY shall maintain an electronic computer system (Company's Internet Web Site) for the purpose of providing its SHIPPERS and third parties equal and timely access to COMPANY's Transportation Log, Standards of Conduct information, and information relevant to the availability of capacity on COMPANY's system, including whether the capacity is available from COMPANY or a RELEASING SHIPPER under the provisions of Section 18 hereof. COMPANY shall also provide each SHIPPER access through Company's Internet Web Site to information related to activity under its agreements with COMPANY, such as nominations, estimated imbalances and allocated quantities. Furthermore, COMPANY shall administer each SHIPPER's release of firm capacity, as more particularly described in Section 18 hereof, exclusively through Company's Internet Web Site and shall provide to SHIPPER other interactive capabilities such as the ability to request service, amendments or discounts, submit nominations, confirmations and PDAs, view information on agents that administer or perform appointed functions for SHIPPER under its service agreement(s), and execute service agreements and amendments thereto. It is understood and agreed that COMPANY, through Company's Interactive Internet Website, shall make available to SHIPPERS or working interest owners sufficient details to support the quantities allocated to that party under the PDA method at each point.

Unless specifically provided otherwise in this FERC Gas Tariff, the generic provisions of this Tariff requiring that notices, requests, and other communications be in writing may be satisfied by SHIPPER through submission of such communications over Company's Interactive Internet Website. All forms set forth or referenced in the Tariff will also be maintained on Company's Internet Web Site for SHIPPER's use. Service-agreement specific notices requiring communications to be in writing remain unchanged unless agreed to otherwise by the parties. Submission of information, communications, and execution of documents through Company's Interactive Internet Website shall be legally binding on SHIPPER. COMPANY will also require written execution of firm Service Agreements by SHIPPER for its records.

COMPANY's Internet web site will display current information first, have on-line help, a menu of available information for ease of reference, and search functions. Any party will be able to download information provided on COMPANY'S Internet Web Site. COMPANY shall maintain and retain daily back-up records of the information displayed on Company's Internet Web Site for a period of three (3) years for purposes of restoring such information to on-line availability if there is a computer malfunction or loss. Completed transactions and posted information will remain on Company's Internet Web Site for at least thirty (30) days and then will be archived. Archived information will be available from COMPANY upon fifteen (15) day's prior written notice. Copies of archived information will be made available at \$0.10 per page if a paper copy is requested or \$20.00 per diskette. To receive access to interactive components of Company's Internet Web Site, a party must execute and comply with the terms of the Interactive Internet Website Agreement set forth in Appendix D to these General Terms and Conditions. SHIPPER shall be responsible for providing all computer equipment necessary to interface with Company's Interactive Internet Website.

General Terms and Conditions

23. ANNUAL CHARGE ADJUSTMENT CLAUSE

23.1 Purpose:

In order to recover the annual charges assessed by the Commission under Section 382.202 of the Commission's Regulations pursuant to the provisions of the Commission's Order No. 472, this Section 23 of the General Terms and Conditions is established to be applicable to COMPANY's transportation Rate Schedules contained in COMPANY's FERC Gas Tariff. Because COMPANY is electing to recover the annual charges assessed by the Commission through the operation of this Annual Charge Adjustment Clause, COMPANY does not intend to recover any annual charges recorded in Account No. 928 in any Natural Gas Act Section 4 rate case.

23.2 Basis for the Annual Charge Adjustment Charge:

The Rate Schedules specified in Section 23.1 hereof shall include an Annual Charge Adjustment unit charge (ACA unit charge) applicable to each Dth of gas transported thereunder in the amount shown on the Statement of Currently Effective Rates.

23.3 Filing Procedure:

Changes to the ACA unit charge must be filed annually to reflect the annual charge unit rate authorized by the Commission each fiscal year and are subject to the notice requirements of the Commission's Regulations.

General Terms and Conditions

24. FUEL RETENTION ADJUSTMENT

24.1 General:

The provisions of this Section are applicable to each of COMPANY's transportation rate schedules set forth in COMPANY's FERC Gas Tariff under which COMPANY retains fuel. In addition to the payments by SHIPPER to COMPANY for transportation services rendered pursuant to COMPANY's transportation rate schedules, SHIPPER shall reimburse COMPANY in accordance with the Fuel Retention Percentage (FRP) applicable to such transactions. Such FRP shall be designed to reimburse COMPANY for the volume of its Gas Required for Operations (GRO). COMPANY's GRO shall consist of (i) gas used for compressor fuel, and (ii) gas otherwise used, lost, or unaccounted for in COMPANY's operations.

24.2 FRP Determinations:

After each 12-month period beginning with the first day of the month of the first anniversary of COMPANY's in service date, COMPANY shall redetermine the FRP applicable to its transportation rate schedules in accordance with the following procedures. COMPANY first shall calculate the GRO volume attributable to systemwide operations for its transportation rate schedules and services using the latest data available for the preceding twelve-month period. Such GRO volume, shall be divided by the transportation volumes received by COMPANY for the preceding 12-month period to determine the FRP to be applied from the requested effective date until the FRP is redetermined as provided for herein. COMPANY shall file revised tariff sections with the Commission containing the redetermined FRP at least thirty (30) days prior to the effective date requested by COMPANY, which effective date shall be no later than three (3) months after the end of the preceding 12-month period; provided, however, that COMPANY may choose not to file to revise the FRP if the redetermined FRP varies by less than 0.1 percent from the FRP in effect at that time. COMPANY shall notify its SHIPPERS within the above filing period if it chooses to exercise the option not to revise the FRP.

General Terms and Conditions

25. OPERATIONAL FLOW ORDERS

25.1 General

COMPANY shall have the right to issue operational flow orders (OFO) as specified in this Section 25 which require actions by the SHIPPERS in order to alleviate conditions which threaten the integrity of COMPANY's pipeline system, to maintain pipeline operations at the pressures required to provide an efficient and reliable transportation service to all SHIPPERS, and to maintain COMPANY's pipeline system in balance for the foregoing purposes. Before issuing an OFO, COMPANY will attempt to identify specific SHIPPERS causing a problem and attempt to remedy those problems with those SHIPPERS. If an OFO is issued by COMPANY pursuant to this Section 25, COMPANY shall not be required to limit or suspend service to a SHIPPER(S) whose current use of COMPANY's pipeline system does not aggravate the operating conditions on which the OFO is based regardless of the class of service utilized by that SHIPPER(S). SHIPPER's response to any specified gas quantities provision contained in an OFO shall be subject to the provisions of Section 25.2 hereof to the extent that the actual quantities of gas involved in SHIPPER's response to the OFO are greater than or less than the tolerances specified in the OFO. Within a reasonable period of time following the end of the OFO, COMPANY will post on its Internet Website a report detailing the conditions that required the issuance and termination of the OFO.

25.2 Penalty

- (a) All quantities tendered to COMPANY and/or taken by SHIPPER(S) on a daily basis in violation of COMPANY's OFO shall constitute unauthorized receipts or deliveries for which a charge of \$25 per Dth shall be assessed and paid by SHIPPER(S).
- (b) Penalty Crediting: Net penalties shall be credited back to all shippers that complied with the OFO (compliant shippers). Transporter's out-of-pocket expenses incurred or revenues foregone as a direct result of the OFO violation(s) shall reduce any penalties collected to determine the net penalty amount to be credited. The net penalty amount shall be credited to the second month's

invoice from the month of collection and shall be credited based on the pro rata share of each compliant shipper's gas volumes transported by the total compliant shippers throughput for the month of the OFO violation. If direct expenses or foregone revenues are greater than the penalty collected, no crediting shall occur. To the extent COMPANY has collected penalties subject to Section 25.2(a), COMPANY will file a report July 1 of each year commencing with

the approval of Section 25.2, detailing the penalty revenues received from Section 25.2(a), COMPANY'S out-of-pocket expenses incurred or revenues foregone, and net penalty amounts credited back to the compliant shippers.

25.3 Exemptions

SHIPPERS will be exempt from penalties on imbalances pursuant to Section 14 herein that result from complying with an OFO. SHIPPERS will be allowed to correct OFO created imbalances until the end of the month following the month in which any such imbalance occurs, based on the then current operations of COMPANY's pipeline system. Upon an OFO becoming effective as specified in the OFO or as provided in this Section 25.3, SHIPPER or operator of the facilities connecting with COMPANY's facilities shall be permitted up to the time stated in the OFO, to make adjustments in compliance with the OFO. If SHIPPER complies with the provisions of the OFO within such notice period then no penalty pursuant to Section 25.2 shall be assessed.

25.4 Notices

COMPANY will post on Company's Internet Web Site its intention to place an OFO into effect and notify the affected SHIPPER(S) at least 24 hours prior to the implementation of the OFO; provided, however, that a shorter notice period may be given where action must be taken to protect the integrity of COMPANY's pipeline system. Such notice and posting shall be made as provided in Section 16 and shall (i) identify the parties subject to the OFO, (ii) the time the OFO will become effective, (iii) the estimated duration of the OFO (or, if unknown, that the OFO is indefinite). Where an OFO is made effective on less than 24 hours notice, COMPANY will also provide affected SHIPPERS with an explanation with all relevant information specific to the individual situation to justify issuance of that particular OFO.

Whenever an OFO requires action in less than 24 hours, COMPANY will provide prompt notice to the affected SHIPPERS by phone and facsimile to the SHIPPER's pre-designated numbers, as well as by posting on Company's Internet Web Site.

25.5 Conditions

If in COMPANY's judgment, impending operating conditions will cause the operating pressure at one or more Receipt or Delivery Points to exceed the maximum allowable operating pressure or a firm contract pressure, or the operating pressure at one or more Delivery Points to decrease below the firm contract pressure, COMPANY may issue an OFO pursuant to this subsection requiring that all SHIPPERS adjust the gas quantities or adjust the nominations at the Receipt and Delivery Points under all transportation Service Agreements to be in balance (adjusted for FRP) effective the earliest opportunity that SHIPPERS have in their control to affect gas quantities at either Receipt Points or Delivery Points. COMPANY shall use all available opportunities in its control to affect

gas quantities at either Receipt Points or Delivery Points in support of SHIPPER's actions pursuant to the OFO and to mitigate the adverse effects on COMPANY's facilities.

- (a) COMPANY may issue, on a nondiscriminatory basis, such reasonable OFOs as may be required for the purposes set forth in Section 25.1 herein.
- b) Compliance with the OFOs and the other terms and conditions of COMPANY's FERC Gas Tariff is essential to COMPANY's ability to provide deliveries and services under all Rate Schedules. A failure by one or more SHIPPERS to comply with an OFO may affect COMPANY's ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, COMPANY will, except to the extent COMPANY's inability to provide such deliveries and services arose from the COMPANY's gross negligence, or undue discrimination or intentional or willful misconduct, have no liability or responsibility for its inability to provide deliveries and services and SHIPPER(S), shall indemnify and hold COMPANY harmless from any claims brought by a third party against COMPANY arising from such failure except that SHIPPER(S) shall not be responsible for any incidental, consequential, punitive or special damages, including lost profits resulting therefrom.

25.6 Waiver:

In recognition of the fact that this Section 25 is intended to promote conscientious operations by the SHIPPER such that service to other SHIPPERS is not impaired in any way, COMPANY may waive any penalty charges incurred by SHIPPER if COMPANY determines, in its reasonable judgment, that SHIPPER was conducting its operations in a responsible manner at the time the penalty charges were incurred and that SHIPPER's conduct did not impair service to another SHIPPER. COMPANY must grant waivers under this section on a non-discriminatory basis, but the waiver of any penalty charges shall not constitute an automatic waiver of any future penalty charges. COMPANY shall maintain a record of all waivers granted under this Section 25.6 and shall make such record available upon written request to the Commission and to any SHIPPER.

General Terms and Conditions

26. TRANSPORTATION OF LIQUEFIABLES

26.1 Transportation of Liquefiabiles:

For quantities of gas which are received at a Receipt Point from which the gas enters into a stream of gas which is processed at a processing facility on COMPANY's pipeline system for the removal of Liquefiabiles, the party with the right to process the ownership interest therein (SHIPPER) may elect to process such gas for its account at the Pascagoula processing plant (Pascagoula Plant) that straddles COMPANY's pipeline system or at such other processing facility selected by SHIPPER, subject to the further provisions hereof. In the event SHIPPER elects to process at a processing facility other than the Pascagoula Plant, SHIPPER's processed gas shall be redelivered to COMPANY's pipeline system downstream of the Pascagoula Plant. No processed gas will be accepted into COMPANY's pipeline system upstream of the Pascagoula Plant. SHIPPER shall notify COMPANY prior to the beginning of the month if the Liquefiabiles are to be processed for the account of SHIPPER and shall give COMPANY written notice of any change to this election prior to the beginning of the month for which the change is to be effective. In its notice, SHIPPER shall specify the Receipt Point code and source of the subject gas, the working interest owner of the gas, the duration of the election, and verification that all processing arrangements are in place if the election is to process. In the event SHIPPER fails to make an election to process its Liquefiabiles, COMPANY shall be authorized to arrange said processing and, at COMPANY's election, either (i) assess to SHIPPER its allocated share of plant thermal reduction (PTR) and credit SHIPPER with its allocated share of revenues received by COMPANY for said Liquefiabiles, if any, or (ii) replace the allocated share of PTR in Dth.

COMPANY agrees to deliver for SHIPPER's account for processing a volume of gas containing as nearly as practical the same number of gallons of propane and heavier hydrocarbons as are delivered to COMPANY by SHIPPER at the Receipt Point, less volumes used by COMPANY pursuant to Section 26.3 hereof. If gas other than gas received from SHIPPER hereunder is also being transported through COMPANY's pipeline, SHIPPER shall have the right to have processed on its behalf a quantity of the commingled gas in COMPANY's pipeline which contains as nearly as practical a quantity of propane and heavier hydrocarbons equal to the propane and heavier hydrocarbons contained in the gas delivered at the Receipt Point. The redelivery of residue gas and the accounting therefor shall be in accordance with procedures mutually satisfactory to COMPANY and SHIPPER. Gas received for SHIPPER's account at Receipt Points on "wet" lines located upstream of any processing plant will not be processed prior to delivery to COMPANY.

26.2 Liquid Separation Facility:

COMPANY will operate a Liquid Separation Facility for the purpose of removing free liquids which may naturally form in the pipeline as a result of retrograde condensate and any amounts of injected condensate. SHIPPER's proportionate share of such condensate will be determined and deducted from SHIPPER's Liquefiabiles to be delivered to a plant for processing. For a SHIPPER who elects to process its gas, SHIPPER's proportionate share of Liquids will be made available to SHIPPER for its account. For a SHIPPER who fails to process, the proportionate share of Liquids attributable to said SHIPPER shall be handled in the same manner as Liquefiabiles described in Section 26.1 above.

26.3 Pipeline Operations:

COMPANY reserves the right to use gas upstream of the point of processing as is required for the reasonable and prudent operation of COMPANY's facilities. It is also recognized that some losses of gas volumes containing Liquefiabiles may occur as a result of the operation of such facilities. SHIPPER's proportionate part of the Liquefiabiles so used or lost shall be deducted from the quantity of Liquefiabiles otherwise deliverable to SHIPPER.

26.4 SHIPPER's Responsibility:

As between SHIPPER and COMPANY, all operations conducted by or on behalf of SHIPPER in the processing of gas hereunder shall be at SHIPPER's sole cost, risk and expense, and SHIPPER shall be responsible for the safe handling of the gas while it is in SHIPPER's custody, or the custody of another on SHIPPER's behalf, for processing.

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27. CONSTRUCTION OF FACILITIES

In order for COMPANY to receive, measure, transport, and/or deliver the gas to be transported under one of its Rate Schedules, it may become necessary for COMPANY to install facilities or to modify existing facilities at or near a Receipt Point or Delivery Point. Should SHIPPER request the installation or modification of said facilities and agree to reimburse COMPANY for the cost thereof, and should COMPANY agree to install said facilities or to modify its existing facilities pursuant to SHIPPER's request, it is agreed that COMPANY will construct and install, or cause to be constructed and installed, said facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities. In the event SHIPPER does not agree to pay the costs of installing or modifying said facilities, COMPANY may agree to construct or modify such facilities so long as such facilities are constructed or modified on a nondiscriminatory basis for similarly situated SHIPPERS. Whether said facilities will provide a benefit to all SHIPPERS using COMPANY's pipeline system such that it is appropriate to include the cost of said facilities in COMPANY's general system rates will be determined in the rate proceeding in which COMPANY proposes to include such costs in its general system rates. It is understood and agreed that title to and ownership of said facilities shall remain in COMPANY, and COMPANY shall operate such facilities as part of its pipeline system.

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28. AGENCY

In connection with a service rendered by COMPANY pursuant to any Rate Schedule in its FERC Gas Tariff, a third party may agree to act as agent for a SHIPPER to arrange for any service (under any such Rate Schedule or otherwise) and to perform any acts (including but not limited to the receipt and payment of invoices, the giving of notices, the designation of delivery and receipt points, the scheduling of volumes for transportation and the receipt of proceeds from, or the payment of amounts due for, the monthly resolution of transportation imbalances under Section 14.1 hereof) in connection with any service so arranged. In this event, SHIPPER shall provide COMPANY with a written Request that COMPANY accept the third party as agent for SHIPPER. The Request shall state specifically the scope and term of the agency, shall state that the COMPANY is authorized to accept the actions of the agent within the scope of its authority to the same extent as it would accept the actions of SHIPPER, shall provide that SHIPPER shall indemnify COMPANY and hold it harmless for any loss or damage occasioned by the agent's actions or COMPANY's reliance thereon, and shall be accompanied by an affidavit verifying the information contained in the Request. If the Request conforms with the provisions of this Section, then COMPANY shall notify SHIPPER in writing of its acceptance of the Request.

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29. NAESB STANDARDS

Compliance with 18 CFR, Section 284.12

COMPANY has adopted all of the Business Practices and Electronic Communication Standards which are required by the Commission in 18 CFR, Section 284.12(a), as amended from time to time, in accordance with Order No. 587, et al. In addition to the NAESB WGQ Standards referenced elsewhere in the Tariff, COMPANY specifically incorporates by reference the following NAESB WGQ Version 1.9 Standards, Definitions, and Data Sets, by reference.

Additional Standards:

General:

Standards:
0.3.1, 0.3.2, 0.3.16

Creditworthiness:

0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

Gas/Electrical Operational Communications:

Definitions:
0.2.1, 0.2.2, 0.2.3

Standards:
0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15, 0.3.16

Storage Information

Data Sets:
0.4.1

Nominations Related Standards

Definitions:
1.2.1, 1.2.2, 1.2.3, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:
1.3.2(vi), 1.3.4, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.24, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.35, 1.3.36, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.46, 1.3.47,

1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79

Data Sets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

Flowing Gas Related Standards:

Definitions:

2.2.2, 2.2.3

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.6, 2.3.8, 2.3.12, 2.3.13, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.49, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65

Data Sets:

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16, 2.4.17, 2.4.18

Invoicing Related Standards:

Definition:

Standards:

3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.16, 3.3.20, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26

Data Sets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

Definitions

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.5, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.39, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58, 4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99

Capacity Release Standards

Definitions

5.2.2, 5.2.3

Standards:

5.3.7, 5.3.10, 5.3.12, 5.3.17, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.25, 5.3.30, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.43, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.61, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69

Data Sets:

5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.18, 5.4.19, 5.4.20, 5.4.21, 5.4.22, 5.4.23

Internet Electronic Transport Related Standards

Definitions:

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38

Standards:

10.3.1, 10.3.11, 10.3.12, , 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, , 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27

COMPANY agrees to use, and incorporates herein by reference, NAESB's Model Trading Partner Agreement for transacting business with parties who choose to use the electronic delivery mechanism standards set forth in Section 4 of the NAESB Standards.

COMPANY agrees to accept and provide standardized data elements for EDI pursuant to version 1.8 of the NAESB standards, which are incorporated herein by reference. A copy of COMPANY's implementation guide is available upon request.

General Terms and Conditions

30.1 Types of Rate Discounts

COMPANY may agree to discount its rate to SHIPPER below COMPANY's maximum rate but not less than COMPANY's minimum rate. Such discounted rate may apply:

- (1) only to specified quantities under the Service Agreement;
- (2) only if specified quantities are achieved (with maximum rates applicable to volumes above specified quantities or to all quantities if specified quantities are never achieved);
- (3) only in specified relationship to quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to the quantities actually transported);
- (4) only during specified periods of the year or over specifically-defined periods of time;
- (5) only to specified receipt or delivery points; and/or
- (6) only to production reserves dedicated by SHIPPER.

Part VII

Form of Service Agreements and Other Agreements

Rate Schedule FT-1
Rate Schedule FT-2
Interruptible IT
Transportation Request
Operational Balancing
Pooling
Website Agreement
Non-Conforming
Trade Imbalances

Service Agreement No. _____
Authorization: _____

PRO FORMA

FORM OF SERVICE AGREEMENT
UNDER RATE SCHEDULE FT-1

THIS AGREEMENT, made and entered into as of this ____ day of _____, ____, by and between Destin Pipeline Company, L.L.C., a Delaware limited liability company, hereinafter referred to as Company, and _____, a _____ corporation, hereinafter referred to as Shipper,

WITNESSETH

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Shipper has requested firm transportation pursuant to Rate Schedule FT-1 of various supplies of gas for redelivery for Shipper's account and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions applicable to Rate Schedule FT-1; and

WHEREAS, Shipper may acquire, from time to time, released firm transportation capacity under Section 18 of the General Terms and Conditions of Company's FERC gas Tariff; and

WHEREAS, Company has agreed to provide Shipper with transportation service of such gas supplies or through such acquired capacity release in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

- 1.1 Subject to the terms and provisions of this Agreement, Rate Schedule FT-1 and the General Terms and Conditions thereto, Shipper agrees to deliver or cause to be delivered to Company at the Receipt Point(s) described in Exhibit A (primary) and Exhibit A-1 (secondary) to this Agreement, and Company agrees to accept at such point(s) for transportation under this Agreement, an aggregate quantity of up to _____ Mcf of natural gas per day (Transportation Demand).

Company's obligation to accept gas on a firm basis at any Receipt Point is limited to the primary Receipt Points set out on Exhibit A and to the Maximum Daily Receipt Quantity (MDRQ) stated for each such Receipt Point. The sum of the MDRQ's for the primary Receipt Points on Exhibit A shall not exceed the Transportation Demand.

- 1.2 Subject to the terms and provisions of this Agreement, Rate Schedule FT-1 and the General Terms and Conditions thereto, Company shall deliver Equivalent Quantities to Shipper at the Delivery Point(s) described in Exhibit B (primary) and Exhibit B-1 (secondary) hereto. Company's obligation to redeliver gas at any Delivery Point on a firm basis is limited to the primary Delivery Points specified on Exhibit B and to the Maximum Daily Delivery Quantity (MDDQ) stated for each such Delivery Point. The sum of the MDDQ's for the primary Delivery Points on Exhibit B shall equal the Transportation Demand.
- 1.3 In the event Shipper is the successful bidder on released firm transportation capacity under Section 18 of Company's General Terms and Conditions, Company will promptly finalize by means of Company's Interactive Internet Website the appropriate Addendum to this Agreement in the format attached hereto. Upon the finalization of an Addendum, subject to the terms, conditions and limitations hereof and of Company's Rate Schedule FT, Company agrees to provide the released firm transportation service to Shipper under Rate Schedule FT-1, the General Terms and Conditions thereto, and this Agreement.
- 2.1 It is recognized that the transportation service hereunder is provided on a firm basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule FT-1, and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule FT-1, the terms of Rate Schedule FT-1 shall govern as to the point of conflict. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in Rate Schedule FT-1 and the General Terms and Conditions thereto.
- 2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions applicable to Company's Rate Schedule FT-1 as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission (Commission) of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule FT-1.
- 2.3 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions.
- 2.4 The parties hereto agree that neither party shall be liable to the other party for any special, punitive, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.
- 2.5 This Agreement is subject to the provisions of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

- 2.6 Shipper warrants that the gas to be transported hereunder is not dedicated by SHIPPER pursuant to a Reserve Commitment Agreement.
- 2.7 Shipper shall be responsible for insuring that all upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Service Agreement and any quantity limitations for each point as specified on Exhibits A, A-1, B and B-1 attached hereto. Company shall have no obligation to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Service Agreement.

ARTICLE III NOTICES

- 3.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 16 of the General Terms and Conditions to the respective party at the applicable address, telephone number or facsimile machine number stated in Exhibit D hereto or such other addresses, telephone numbers or facsimile machine numbers as the parties shall respectively hereafter designate in writing from time to time:

ARTICLE IV TERM

- 4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall remain in full force and effect for the primary term(s) set forth on Exhibit B hereto, if applicable, and shall continue in force and effect for successive evergreen terms specified on Exhibit B hereto unless canceled by either party giving the required amount of written notice specified on Exhibit B to the other party prior to the end of the primary term(s) or any extension thereof.
- 4.2 In the event SHIPPER has not contracted for firm Transportation Demand under this Agreement directly with COMPANY, as set forth on Exhibit B hereto, then the term of this Agreement shall be effective as of the date first hereinabove written and shall remain in full force and effect for a primary term through the end of the month and month to month thereafter unless canceled by either party giving at least five (5) days written notice to the other party prior to the end of the primary term or any extension thereof. It is provided, however, that this Agreement shall not terminate prior to the expiration of the effective date of any Addendum to this Agreement.

ARTICLE V CONDITIONS PRECEDENT

- 5.1 Unless otherwise agreed to by the parties, the terms of Rate Schedule FT-1, and the General Terms and Conditions thereto, shall apply to the acquisition or construction of any facilities necessary to effectuate this Agreement. Other provisions of this Agreement notwithstanding, Company shall be under no obligation to commence service hereunder unless and until (1) all facilities, of whatever nature, as are required to permit the receipt, measurement, transportation, processing, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition, and (2) Company, in its reasonable discretion, has determined that such service would constitute transportation of natural gas authorized under all applicable regulatory authorizations and the Commission's Regulations.

ARTICLE VI REMUNERATION

- 6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule FT-1, or on each effective Addendum, as applicable, including any penalty and other authorized charges assessed under Rate Schedule FT-1 and the General Terms and Conditions. Company shall notify Shipper as soon as practicable of the date services will commence hereunder, and if said date is not the first day of the month, the Reservation Charge for the first month of service hereunder shall be adjusted to reflect only the actual number of days during said month that transportation service is available. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule FT-1. Said discounted Rates, shall be set forth on Exhibit C hereto.
- 6.2 The rates and charges provided for under Rate Schedule FT-1 shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all or any part of this Agreement, as well as all or any part of Rate Schedule FT-1, or the General Terms and Conditions thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges. It is recognized, however, that Company cannot increase the Reservation Charge to be paid by Shipper under any Addenda attached hereto. Shipper acknowledges and agrees that (a) Company is a Delaware limited liability company; (b) Shipper shall have no recourse against any member of Company with respect to Company's obligations under this agreement and its sole recourse shall be against the assets of Company, irrespective of any failure to comply with applicable law or any provision of this Agreement; (c) no claim shall be made against any member of Company under or in connection with this Agreement; (d) Shipper shall have no right of subrogation to any claim of Company for any Capital Contribution

from any member of Company; and (e) this representation is made expressly for the benefit of the members in Company.

ARTICLE VIII
MISCELLANEOUS

- 8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.
- 8.2 The laws of the State of Texas (excluding choice of law provisions) shall govern the validity, construction, interpretation, and effect of this Agreement.
- 8.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties except that (i) Addenda shall be generated by Shipper's successful bids for released capacity, and (ii) in accordance with the provisions of Rate Schedule FT-1, and the General Terms and Conditions thereto, primary Receipt Points may be added to or deleted from Exhibit A and the Maximum Daily Receipt Quantity for any primary Receipt Point on Exhibit A may be changed upon execution by Company and Shipper of a Revised Exhibit A to reflect said change(s), (iii) and primary Delivery Points may be added to or deleted from Exhibit B and the Maximum Daily Delivery Quantity for any primary Delivery Point may be changed upon execution by Company and Shipper of a Revised Exhibit B to reflect said change(s); provided, however, that any such change to Exhibit A or Exhibit B must include corresponding changes to the existing Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities, respectively, such that the sum of the changed Maximum Daily Receipt Quantities shall not exceed the Transportation Demand and the sum of the Maximum Daily Delivery Quantities equals the Transportation Demand.
- 8.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Subject to the provisions of Section 18 of the General Terms and Conditions applicable hereto, neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.
- 8.5 Exhibits A, A-1, B, B-1, C and/or D, as applicable, and any effective Addendum attached to this Agreement constitute a part of this Agreement and are incorporated herein.
- 8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement and to construct and operate any facilities necessary therefor. Each party shall have the right to seek such governmental authorizations as it deems necessary, including the right to prosecute

its requests or applications for such authorization in the manner it deems appropriate. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this paragraph. Each party shall promptly provide the party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings. (If applicable) In the event all such necessary regulatory approvals have not been issued or have not been issued on terms and conditions acceptable to Company or Shipper within _____ months from the date of the initial application therefor, then Company or Shipper may terminate this Agreement without further liability or obligation to the other party by giving written notice thereof at any time subsequent to the end of such _____ - month period, but prior to the receipt of all such acceptable approvals. Such notice will be effective as of the date it is delivered to the U. S. Mail, for delivery by certified mail, return receipt requested.

8.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# _____) dated _____ between the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date first written above by their respective duly authorized officers.

Attest:

Destin Pipeline Company, L.L.C.

By _____

Its _____

(SHIPPER)

By _____

Its _____

Service Agreement No. _____

ADDENDUM

Offer No.: _____

Addendum No.: _____

Acquiring Shipper: _____

Releasing Shipper: _____

Releasing Shipper's Contract No.: _____

Effective Date of Release: _____ through _____

Is this capacity subject to right of recall? Yes No

Rates: Check all that apply:

Monthly reservation charge _____

Volumetric reservation charge _____

Volume commitment _____

Reservation charge prorated for days of recall _____

Reservation Charge (inclusive of reservation surcharges) \$ _____

Transportation Demand: _____ (Mcf)

Service Agreement No. _____

ADDENDUM

Addendum No. : _____
(continued)

EXHIBIT "A"

Firm Receipt Points
(MDRQ)

Maximum Daily Receipt Quantity

_____ (Mcf)
_____ (Mcf)
_____ (Mcf)

EXHIBIT "B"

Firm Delivery Points
(MDDQ)

Maximum Daily Delivery Quantity

_____ (Mcf)
_____ (Mcf)
_____ (Mcf)

This Addendum, entered into pursuant to Destin Pipeline Company, L.L.C.'s capacity release program and the executed firm transportation Service Agreement between Destin and the Acquiring Shipper, is heretofore made a part of and subject to the aforementioned Service Agreement.

Service Agreement No. _____

EXHIBIT A
RECEIPT POINTS

Receipt Point

Maximum Daily Receipt
Quantity in Mcf

Contract Pressure¹

(SHIPPER)

Destin Pipeline Company, L.L.C.

Effective Date: _____

¹ Company shall not be obligated to accept gas from Shipper at pressures in excess of 1350 p.s.i.g. at the Main Pass 260 platform, and Company shall limit system pressure on the Main Pass 260 Platform to 1350 p.s.i.g. if necessary to receive Shipper's gas.

Service Agreement No. _____

EXHIBIT A-1
RECEIPT POINTS

All active Receipt Points on Company's pipeline system, a current list of which shall be maintained by Company on its Internet Web Site.

EXHIBIT B
DELIVERY POINTS

Delivery Point	Maximum Daily Delivery Quantity	Contract Pressure	Primary Term	Evergreen	Termination Notice
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(SHIPPER)

Destin Pipeline Company, L.L.C.

Effective Date: _____

Service Agreement No. _____

EXHIBIT B-1
DELIVERY POINTS

All active Delivery Points on Company's pipeline system, a current list of which shall be maintained by Company on its Internet Web Site.

EXHIBIT C
Discounted Rate Information

Discounted Transportation Rate: _____

Discounted Rate Effective From _____ to _____

(SHIPPER)

Destin Pipeline Company, L.L.C.

Service Agreement No. _____

EXHIBIT D
CONTACTS

NOTICES AND GENERAL CORRESPONDENCE

Company:

Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX 77079
Attention: Business Development Dept
Telephone NO.:() _____
FAX No.:() _____

Shipper:

Telephone NO.:() _____
FAX No.:() _____

DISPATCHING NOTICES – NOMINATIONS/CONFIRMATIONS

Company:

Destin Pipeline Company, L.L.C.
Gas Pipeline Department
4502 East 41st Street, Suite 300
Tulsa, OK 74135
Telephone No.:(918) 660-4385
FAX NO.:(918) 660-4393

Shipper:

Telephone No.:() _____
FAX NO.:() _____

DISPATCHING NOTICES - LIMITATIONS

Company:

Name/Dept.: _____
Telephone No.:() _____
FAX No.:() _____

Shipper:

Name/Dept.: _____
Telephone No.: _____
FAX No.: _____

24-HOUR EMERGENCY

Company:

Shipper:

Name: _____
Telephone No.: (____) _____
FAX No.: (____) _____

(1) Alternative Contact:

(2) Alternative Contact:

Name: _____
Telephone No.: () _____
FAX No.: () _____

(1) Alternative Contact:

(2) Alternative Contact:

PAYMENTS

Company:

By Mail:

Destin Pipeline Company, L.L.C.

Bank: _____

ABA# _____

A/C# _____

By Wire Transfer:

Bank: _____

ABA# _____

A/C# _____

Shipper:

By Mail:

By Wire Transfer:

INVOICES

Company:

N/A

Shipper:

Service Agreement No. _____
Authorization: _____

PRO FORMA

FORM OF SERVICE AGREEMENT
UNDER RATE SCHEDULE FT-2

THIS AGREEMENT, made and entered into as of this ____ day of _____, ____, by and between Destin Pipeline Company, L.L.C., a Delaware limited liability company, hereinafter referred to as Company, and _____, a _____ corporation, hereinafter referred to as Shipper,

WITNESSETH

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and

WHEREAS, Shipper has requested firm transportation pursuant to Rate Schedule FT-2 of various supplies of gas for redelivery for Shipper's account and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions applicable to Rate Schedule FT-2; and

WHEREAS, Company has agreed to provide Shipper with transportation service of such gas supplies in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

- 1.1 Subject to the terms and provisions of this Agreement, Rate Schedule FT-2 and the General Terms and Conditions thereto, Shipper agrees to deliver or cause to be delivered to Company at the Receipt Point(s) described in Exhibit A (primary) and Exhibit A-1 (secondary) to this Agreement, and Company agrees to accept at such point(s) for transportation under this Agreement, an aggregate quantity of up to _____ Mcf of natural gas per day (Transportation Demand) for the applicable Delivery Periods specified on Exhibit A to this Agreement. The Transportation Demand for each Delivery Period shall be supported by a life of lease production forecast for the Committed Lease(s), prepared by Shipper or the operator(s) of the Committed Lease(s), which reflects production build-up and expected production throughout the life of the lease. Shipper's proposed commencement and termination dates of service shall be supported by the production forecast submitted pursuant to this Section. Subject to the execution of a mutually acceptable confidentiality agreement, Shipper's life of lease production profile shall be accompanied by either (A) technical data necessary to support the production profile and demonstrate that Shipper's requested TDs are supported by the production profile, or (B) a report issued by one of the engineering firms listed on Appendix A to

Rate Schedule FT-2 supporting Shipper's production profile and requested TDs. If Shipper elects to establish its life of lease production profile and TDs with a report from an engineering firm in accordance with (B) above, then Shipper shall furnish to such engineering firm, subject to a mutually acceptable confidentiality agreement, all information Shipper is required to submit to Company under this Rate Schedule FT-2 and such other technical data as may be appropriate to enable the engineering firm to provide to Company an opinion that on the basis of such data Shipper's production profile and requested TDs appear reasonable. The cost of such engineering report shall be borne by Shipper.

On or before October 1 of each year this Agreement is in effect, SHIPPER shall update its production profile to support its TDs and, when available, provide an actual production history for its Committed Lease(s) and an update of its technical data, which may be used by Company in evaluating the reasonableness of Shipper's proposed TDs. Shipper shall reduce its TDs as may be appropriate based on the updated production profile. TDs may be increased based on the updated production profile only to the extent firm capacity is available and not previously committed to another SHIPPER. COMPANY shall have the right to require SHIPPER to reduce its TDs based on an updated production profile. SHIPPER and COMPANY shall amend (effective April 1 of the following Year) Exhibits A and B to this Agreement to conform the TDs with the updated production profiles in accordance with the above. When considering a system expansion or evaluating a SHIPPER's request for permanent release of production from Committed Lease(s), COMPANY may require that SHIPPER update its production information to support its TDs, and SHIPPER shall provide such information; provided, however, that COMPANY shall not require such updates more often than two times within any calendar year.

If in COMPANY's judgment a submitted estimated production profile (including updates) and TDs provided in accordance with this Section 1.1 are not reasonable, then, subject to a mutually acceptable confidentiality agreement, COMPANY and SHIPPER shall meet and review the associated technical data or engineering report that is the basis for the estimated production profile submitted by SHIPPER. COMPANY and SHIPPER shall make a good faith attempt to concur on an estimated production profile which shall be utilized pursuant to this section. If the parties cannot reach agreement on an estimated production profile, then the technical data shall be supplied to a mutually acceptable and technically competent third party on a confidential basis to develop an estimated production profile which shall be utilized pursuant to this Section. All third party costs shall be equally borne by SHIPPER and COMPANY. COMPANY and SHIPPER agree to amend Exhibits A and B to the Service Agreement to reflect the TDs supported by the production profile utilized.

SHIPPER shall have the right, at any time and from time to time, to permanently change, in whole or in part, the Transportation Demand for any given Delivery Period(s) set forth in Exhibit A to this Agreement on six (6) months prior written notice to COMPANY provided that any increase in Transportation Demand shall be subject to availability of firm capacity on COMPANY's system; provided further that such change shall be made effective for an entire Delivery Period and only at the beginning of a Delivery Period that commences subsequent to the six-month notice period.

Notwithstanding anything herein to the contrary, if at any time a federal lessor elects pursuant to its lease with SHIPPER to take-in-kind its royalty share of gas produced from the Exhibit A Leases, SHIPPER's Transportation Demand quantity shall be reduced upon thirty (30) days prior written notice by SHIPPER, to a level that reflects SHIPPER's working interest share of such gas, net of such royalty gas. Thereafter, whenever the United States elects not to take-in-kind its royalty share of gas, SHIPPER's Transportation Demand quantity shall be increased, upon thirty (30) days prior written notice by SHIPPER, to a level that reflects SHIPPER's full working interest share of such gas, subject to available capacity.

Company's obligation to accept gas on a firm basis at any Receipt Point is limited to the primary Receipt Points set out on Exhibit A and to the Maximum Daily Receipt Quantity (MDRQ) stated for each such Receipt Point. The sum of the MDRQ's for the primary Receipt Points on Exhibit A shall not exceed the Transportation Demand.

- 1.2 Subject to the terms and provisions of this Agreement, Rate Schedule FT-2 and the General Terms and Conditions thereto, Company shall deliver Equivalent Quantities to Shipper at the Delivery Point(s) described in Exhibit B (primary) and Exhibit B-1 (secondary) hereto. Company's obligation to redeliver gas at any Delivery Point on a firm basis is limited to the primary Delivery Points specified on Exhibit B and to the Maximum Daily Delivery Quantity (MDDQ) stated for each such Delivery Point. The sum of the MDDQ's for the Delivery Points on Exhibit B shall equal the Transportation Demand.
- 1.3 Company shall have no obligation to accept any gas for transportation under this Agreement other than the gas produced from working interests of Shipper or its affiliates in the Committed Lease(s) or gas that is dedicated to Company's system under a Reserve Commitment Agreement and which Shipper has the right to market under a joint operating or similar agreement. Committed Lease(s) shall mean those lease(s) set forth on Exhibit D to this Agreement, which were committed to Company's system by Reserve Commitment Agreement dated _____.

ARTICLE II CONDITIONS OF SERVICE

- 2.1 It is recognized that the transportation service hereunder is provided on a firm basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule FT-2, and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule FT-2, the terms of Rate Schedule FT-2 shall govern as to the point of conflict; provided, however, that Company hereby clarifies that nothing in Rate Schedule FT-2, or any subsequent amending or superseding rate schedule or any other portions of Company's FERC Gas Tariff, shall, as to Shipper, amend or otherwise modify the provisions of Exhibit C to this Agreement. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in Rate Schedule FT-2 and the General Terms and Conditions thereto.

- 2.2 Except as provided in Section 2.1 above and Exhibit C to this Agreement, this Agreement shall be subject to all provisions of the General Terms and Conditions applicable to Company's Rate Schedule FT-2 as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission (Commission) of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule FT-2.
- 2.3 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions.
- 2.4 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.
- 2.5 This Agreement is subject to the provisions of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.
- 2.6 Shipper shall be responsible for insuring that all upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Service Agreement and any quantity limitations for each point as specified on Exhibits A, A-1, B and B-1 attached hereto. Company shall have no obligation to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Service Agreement.

ARTICLE III NOTICES

- 3.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 16 of the General Terms and Conditions to the respective party at the applicable address, telephone number or facsimile machine number stated in Exhibit E hereto or such other addresses, telephone numbers or facsimile machine numbers as the parties shall respectively hereafter designate in writing from time to time:

ARTICLE IV TERM

- 4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall be in full force and effect for the economic life of the Committed

Lease(s) as determined by Shipper unless and until such Committed Lease(s) are released from dedication pursuant to the provisions of the Reserve Commitment Agreement or Exhibit C to this Agreement (if applicable). Nothing herein is intended to relieve Shipper of its obligation to support the level of its TDs as required in Section 1.1 above.

ARTICLE V CONDITIONS PRECEDENT

- 5.1 Unless otherwise agreed to by the parties, the terms of Rate Schedule FT-2, and the General Terms and Conditions thereto, shall apply to the acquisition or construction of any facilities necessary to effectuate this Agreement. Other provisions of this Agreement notwithstanding, Company shall be under no obligation to commence service hereunder unless and until (1) all facilities, of whatever nature, as are required to permit the receipt, measurement, transportation, processing, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition, and (2) Company, in its reasonable discretion, has determined that such service would constitute transportation of natural gas authorized under all applicable regulatory authorizations and the Commission's Regulations.

ARTICLE VI REMUNERATION

- 6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule FT-2, including any penalty and other authorized charges assessed under Rate Schedule FT-2 and the General Terms and Conditions. Company shall notify Shipper as soon as practicable of the date services will commence hereunder, and if said date is not the first day of the month, the Reservation Charge for the first month of service hereunder shall be adjusted to reflect only the actual number of days during said month that transportation service is available. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule FT-2. Said discounted Rates shall be set forth on Exhibit C hereto.
- 6.2 Except as provided in Section 2.1 and Exhibit C to this Agreement, the rates and charges provided for under Rate Schedule FT-2 shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all or any part of this Agreement, as well as all or any part of Rate Schedule FT-2, or the General Terms and Conditions thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or

to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges.

ARTICLE VII NONRECOURSE OBLIGATIONS

Shipper acknowledges and agrees that (a) Company is a Delaware limited liability company; (b) Shipper shall have no recourse against any member of Company with respect to Company's obligations under this agreement and its sole recourse shall be against the assets of Company, irrespective of any failure to comply with applicable law or any provision of this Agreement; (c) no claim shall be made against any member of Company under or in connection with this Agreement; (d) Shipper shall have no right of subrogation to any claim of Company for any Capital Contribution from any member of Company; and (e) the representations in (a) through (d) are made expressly for the benefit of the members of Company

ARTICLE VIII MISCELLANEOUS

- 8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.
- 8.2 The laws of the State of Texas (excluding choice of law provisions) shall govern the validity, construction, interpretation, and effect of this Agreement.
- 8.3 No modification of or supplement to the terms and provisions hereof, including any exhibits hereto, shall be or become effective except by execution of a supplementary written agreement between the parties except that in accordance with the provisions of Rate Schedule FT-2, and the General Terms and Conditions thereto, primary Receipt Points may be added to or deleted from Exhibit A and the Maximum Daily Receipt Quantity for any primary Receipt Point on Exhibit A may be changed upon execution by Company and Shipper of a Revised Exhibit A to reflect said change(s), primary Delivery Points may be added to or deleted from Exhibit B and the Maximum Daily Delivery Quantity for any primary Delivery Point may be changed upon execution by Company and Shipper of a Revised Exhibit B to reflect said change(s); provided, however, that any such change to Exhibit A or Exhibit B must include corresponding changes to the existing Maximum Daily Receipt Quantities or Maximum Daily Delivery Quantities, respectively, such that the sum of the changed Maximum Daily Receipt Quantities shall not exceed the Transportation Demand and the sum of the Maximum Daily Delivery Quantities equals the Transportation Demand.
- 8.4 Subject to the Reserve Commitment Agreement dated _____, any entity which shall succeed by purchase, merger, or consolidation to the properties substantially as an entirety, of either Company or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Subject to the provisions of Section 18 of the General Terms and Conditions applicable hereto:

- (i) Shipper may, without the consent of Company, assign any of its rights hereunder to an entity with which it is affiliated, but Shipper shall not be relieved of its obligations under this Agreement. In the event of such assignment, Shipper shall provide written notice of such assignment to Company as soon as practicable after such assignment.
- (ii) In addition to the rights provided in Section 8.4(i) above, if Shipper assigns any of its rights hereunder to an entity with which it is affiliated and, prior to such assignment, obtains the written consent thereto of Company, such consent not to be unreasonably withheld, then Shipper shall be relieved of its obligations hereunder to the extent so assigned prospectively from the effective date of the assignment (except for the obligations to pay monies related to periods prior to the assignment which become due before or after such date).
- (iii) Shipper may, without the consent of Company, assign any of its rights hereunder to any entity to which Shipper sells, transfers or assigns all or any portion of its interests in the Committed Leases. In the event of such assignment, the Shipper shall provide written notice of such assignment to Company as soon as practicable after such assignment, and Shipper shall be relieved of its obligations hereunder to the extent so assigned prospectively from the effective date of the assignment (except for the obligations to pay monies related to periods prior to the assignment which become due before or after such date). In the event such assignment is to an affiliate of Shipper, the provisions of this Section 8.4 (iii) shall apply and not the provisions of Section 8.4 (i) or (ii).

Subject to the provisions of Section 18 of the General Terms and Conditions applicable hereto, and except as provided in Sections 8.4(i) and 8.4 (iii) hereof, no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Company, or the written consent thereto of Company in the event of an assignment by Shipper, such consent not to be unreasonably withheld.

The restrictions on assignment contained in this Section 8.4 (i) do not apply to assignments of leases and (ii) shall not in any way prevent either party to this Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.

For purposes of this Agreement, an "affiliate" means, with respect to any relevant entity, any other entity that directly or indirectly controls, is controlled by, or is under common control with, such relevant entity in question. As used herein, the term "control" (including its derivatives and similar terms) means owning or holding, directly or indirectly, the power (i) to vote 10% or more of the Voting Stock of any such relevant entity or (ii) to direct or cause the direction of the management and policies of any such relevant entity. "Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other entity, the holders of which are ordinarily, in the

absence of contingencies, entitled to vote for the election of directors (or entity with management authority performing similar functions) of such entity.

- 8.5 Exhibits A, A-1, B, B-1, C, D and/or E, as applicable, attached to this Agreement constitute a part of this Agreement and are incorporated herein.
- 8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement and to construct and operate any facilities necessary therefore. Each party shall have the right to seek such governmental authorizations as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this paragraph. Each party shall promptly provide the party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

(If applicable) In the event all such necessary regulatory approvals have not been issued or have not been issued on terms and conditions acceptable to Company or Shipper within _____ months from the date of the initial application therefore, then Company or Shipper may terminate this Agreement without further liability or obligation to the other party by giving written notice thereof at any time subsequent to the end of such _____-month period, but prior to the receipt of all such acceptable approvals. Such notice will be effective as of the date it is delivered to the U. S. Mail, for delivery by certified mail, return receipt requested.

- 8.7 In the event that a hurricane interrupts Shipper's movement of condensate, produced in association with the gas transported under this Agreement, through liquids pipeline(s) receiving such condensate at the platform(s) or other point(s) of production associated with Shipper's Receipt Points on Exhibit A to this Agreement, then Company shall, to the extent permitted by law, use diligent efforts to permit Shipper to inject such condensate into Company's pipeline system on a temporary basis; provided that (i) Company has available capacity on its pipeline system and onshore slug catcher, (ii) that such injection of condensate by Shipper will not adversely affect Company's services to its other shippers, (iii) Shipper executes with Company an interruptible hydrocarbon liquids transportation agreement and meets the liquids quality specifications set forth in said agreement, and (iv) Shipper installs any necessary facilities and metering on said platform(s) or other point(s) of production at its sole cost and expense; provided, however, that Company shall have approval authority over any plans or designs for such facilities and metering. The quantity of condensate to be transported and time period for providing such hydrocarbon liquids transportation service shall be as determined in Company's

sole discretion and shall be subject to Company's obtaining any necessary regulatory approval(s).

8.8 (If applicable) This Agreement supersedes and cancels the Service Agreement (# _____) dated _____ between the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date first written above by their respective duly authorized officers.

Attest: _____ Destin Pipeline Company, L.L.C.
By _____
Its _____

(SHIPPER)
By _____
Its _____

Service Agreement No. _____

EXHIBIT A
RECEIPT POINTS

Receipt Point	Delivery Period Dates		Maximum Daily Receipt Quantity in Mcf	Contract Pressure
	Beginning	Ending		

(SHIPPER)

Destin Pipeline Company, L.L.C.

Effective Date: _____

No Delivery Period shall be shorter than 3 consecutive months
Company shall not be obligated to accept gas from Shipper at pressures in excess of 1350 p.s.i.g. at the Main Pass 260 platform, and Company shall limit system pressure on the Main Pass 260 platform to 1350 p.s.i.g. if necessary to receive Shipper's gas.

Service Agreement No. _____

EXHIBIT A-1
RECEIPT POINTS

All active Receipt Points on Company's pipeline system, a current list of which shall be maintained by Company on its Internet Web Site.

Service Agreement No. _____

EXHIBIT B
DELIVERY POINTS

Maximum Daily Delivery Quantity in MCF

Delivery Period		Delivery Points	Total (see Exh. A)	Con
Dates ¹	Beginning			

(SHIPPER)

Destin Pipeline Company, L.L.C.

Effective Date: _____

No Delivery Period shall be shorter than 3 consecutive months.

Service Agreement No. _____

EXHIBIT B-1
DELIVERY POINTS

All active Delivery Points on Company's contiguous pipeline system, a current list of which shall be maintained by Company on its Internet Web Site.

Service Agreement No. _____

EXHIBIT C
Discounted Rate Information

Discounted Transportation Rate: _____

Discounted Rate Effective From _____ to _____

(SHIPPER)

Destin Pipeline Company, L.L.C.

Service Agreement No. _____

EXHIBIT D

Committed Leases

Associated Blocks

Working Interests

(SHIPPER)

Destin Pipeline Company, L.L.C.

Effective Date: _____

Service Agreement No. _____

EXHIBIT E

CONTACTS

NOTICES AND GENERAL CORRESPONDENCE

Company:

Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX 77079

Attention: Business Development Dept.

Telephone No.:() _____

Facsimile Machine No.:() _____

Shipper:

Telephone No.:() _____

Facsimile Machine No.:() _____

DISPATCHING NOTICES – NOMINATIONS/CONFIRMATIONS

Company:

Destin Pipeline Company, L.L.C.
Gas Pipeline Department
4502 East 41st Street, Suite 300
Tulsa, OK 74135
Telephone No.:(918) 660-4385

Shipper:

Telephone No.: _____

Facsimile Machine No.:(918) 660-4393

Facsimile Machine No.:_____

CONTACTS
DISPATCHING NOTICES - LIMITATIONS

Company:

Shipper:

Name/Dept.:_____

Name/Dept.:_____

Telephone No.:_____

Telephone No.:() _____

FAX No.:() _____

FAX No.:() _____

24-HOUR EMERGENCY

Company:

Shipper:

Name: _____

Name: _____

Telephone No.:() _____

Telephone No.:() _____

FAX No.:() _____

FAX No.:() _____

(1) Alternative Contact:

(1) Alternative Contact:

(2) Alternative Contact:

(2) Alternative Contact:

CONTACTS
PAYMENTS

Company:

Shipper:

By Mail:

By Mail:

Destin Pipeline Company, L.L.C.

Bank: _____

ABA# _____

A/C# _____

By Wire Transfer:

By Wire Transfer:

Bank: _____
ABA# _____
A/C# _____

INVOICES

Company: _____ Shipper: _____
N/A _____

FORM OF RESERVE COMMITMENT AGREEMENT

THIS RESERVE COMMITMENT AGREEMENT (Agreement) is made and entered into as of the _____ day of _____, 200____, by and between DESTIN PIPELINE COMPANY, L.L.C., a Delaware limited liability company, hereinafter referred to as Company and _____, a _____ corporation, hereinafter referred to as Shipper. Company and Shipper shall collectively be referred to herein as the Parties.

ARTICLE I
DEFINITIONS

- 1.1 COMMITTED LEASE(S) - shall mean those OCS or State Waters leases set forth on Exhibit "A" hereto.
- 1.2 AFFILIATE - For purposes of this Agreement, "affiliate" shall mean, with respect to any relevant entity, any other entity that directly or indirectly controls, is controlled by, or is under common control with, such relevant entity in question. As used herein, the term "control" (including its derivatives and similar terms) means owning or holding, directly or indirectly, the power (i) to vote 10% or more of the Voting Stock of any such relevant entity, or (ii) to direct or cause the direction of the management and policies of any such relevant entity. "Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other entity, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or entity with management authority performing similar functions) of such entity.

- 1.3 Capitalized terms not defined herein shall have the meaning ascribed thereto in Company's FERC Gas Tariff.

ARTICLE II
RESERVE DEDICATION

- 2.1 Subject to the provisions of Article V and this Article II, Shipper hereby agrees to deliver into and transport through Company's pipeline facilities under the FT-2 Service Agreement or under an interruptible transportation (IT) Service Agreement between Shipper and Company all natural gas produced by or for the account of Shipper, or any affiliate of Shipper which Shipper controls (as defined in Section 1.2(ii) above), from the Committed Lease(s) for the economic life of the Committed Lease(s).
- 2.2 The following described leases dedicated pursuant to Section 2.1 shall, at Shipper's option, be permanently released from dedication under this Agreement:
- (a) Leases which would be connected to deepwater laterals or deepwater hubs that would be connected to Company's pipeline and related facilities, but where the subject subsea topography prohibits the construction of such laterals or hubs to connect such leases to Company's pipeline because of the absence of commercially reasonable methods;
 - (b) Leases which would be connected to deepwater laterals or deepwater hubs that would be connected to Company's pipeline and related facilities in which Shipper or its affiliate is unable to consent or obtain consent by the necessary interest holders (other than Shipper or its affiliate) to construct a line to connect to Company's pipeline for which Shipper or its affiliate has voted in favor, unless such voting would materially and adversely affect Shipper's or its affiliate's interest in such leases, and otherwise diligently supported; provided, however, that Company shall have the right to match (in a manner that keeps Shipper or its affiliate, as applicable, economically indifferent with respect to such connection and transportation) any offer to transport gas attributable to the interest of Shipper or its affiliate;
 - (c) Leases from which the gas produced does not conform to the quality specifications set forth in Section 3 of the General Terms and Conditions of Company's FERC Gas Tariff and for which Company has not agreed to waive such specifications; and
 - (d) Leases which have been relinquished or forfeited shall be deemed released on prompt notice from Shipper.
- 2.3 (a) Subject to Section 2.3(b) and the other provisions of this Agreement, Shipper shall be entitled to transfer, assign, sell, exchange, farmout, or otherwise dispose of any of the Committed Lease(s) without the consent of Company. Shipper shall also be entitled to unitize any Committed Lease with one or more additional OCS leases without the consent of Company. In the event of such unitization, then (i) such unitization shall not be deemed a transfer or assignment of Shipper's interest for the purpose of this Agreement and (ii) only the gas production attributable to Shipper's interest in the unit

shall be subject to the provisions of this Agreement. For purposes of this Section 2.3(a), "unitize" or "unitization" shall mean the combination of all or parts of the leases in a prospect, reservoir, or field such that development and operation of the unit are provided for without regard to separate property interests and with unit production and costs allocated among the various parties, whether pursuant to formal or informal joint operating agreements.

- (b) In the event Shipper should transfer or assign any or all of its rights, title and/or interest in the Committed Lease(s), Shipper agrees that (i) it shall notify Company in writing of such assignment as soon as practicable after such assignment, and (ii) any such transfer or assignment will be made subject to the terms of this Agreement, it being the intent of the parties hereto subject to the provisions of Article V and this Article II, that the Committed Lease(s) remain dedicated for purposes of transportation under Rate Schedule FT-2 and/or Rate Schedule IT to Company's pipeline facilities for the economic life of the Committed Lease(s). All of the provisions of this Agreement shall be applicable to assignees of Shipper's interests in the Committed Lease(s), and such assignees shall receive a proportionate assignment of the rights and obligations hereunder with respect to the Committed Lease(s) so assigned. Upon such assignment, Shipper shall be relieved of its obligations under this Agreement to the extent, and only to the extent, so assigned to a third party.

2.4 From the obligations in Section 2.1, Shipper expressly reserves unto itself, its successors and assigns, the following rights and quantities of production sufficient to satisfy such rights:

- (a) The right to operate the Committed Lease(s) free from any control by Company including, without limitation, the right (but never the obligation) to drill new wells, to repair and rework old wells, to plug and abandon any well and to renew, surrender, release or terminate any lease (in whole or in part) covering the affected lands;
- (b) The right to deliver production to lessors of the Committed Leases in quantities sufficient to fulfill lease obligations from time to time, including the right to take royalty in kind;
- (c) The rights to use production for development and operations of the Committed Lease(s) or other leases in the vicinity (regardless of ownership), including (but not limited to) the use of gas for fuel, drilling (including gas drilling), deepening, reworking development system installation and startup, compressing, gas lifting, pumping stations, processing, treating, cycling, repressuring or other supplemental recovery operations; and
- (d) To process gas and retrograde condensate for the extraction of any components other than methane contained therein, except for such methane reasonably removed in such processing.

2.5 The provisions of Sections 2.6, 2.7, and 2.8 shall apply with respect to periods beginning when Company's pipeline commences service.

2.6 Temporary Release

- (a) In the event that prior to a month or during a month Shipper nominates and has available for transportation (x) a daily quantity of production from Committed Lease(s) that in the aggregate exceeds the sum of (y) the daily amount of capacity available for transportation on Company's pipeline facilities under all of Shipper's existing FT-2 Service Agreements, plus (z) the daily quantity of IT service that Company notifies Shipper it reasonably expects to be able to provide to Shipper during such month, then Shipper shall upon request to Company be released for such month, or the remainder of such month, as applicable, from its obligations under Section 2.1 of a daily quantity of gas of up to (x) minus the sum of (y) plus (z) (the "Temporary Release Quantity").
- (b) The Temporary Release Quantity shall be deemed to be the last quantities produced, so that any release under this Section 2.6 is applicable only to the daily production quantity in excess of the quantity that Company is able to accept into Company's pipeline facilities on a given day.
- (c) Shipper may deliver the Temporary Release Quantity from any of its Committed Lease(s) which Shipper chooses.

2.7 Permanent Release -- Connected Fields

This Section 2.7 applies to gas produced from Committed Lease(s) composing an OCS field that are connected to deepwater laterals or deepwater hubs which are connected to Company's pipeline and related facilities ("Connected Fields"). In the event Shipper has had Temporary Release Quantities for more than 90 consecutive days or for more than 90 days during any consecutive 180 day period, Shipper may request in writing from Company a prospective permanent release of the daily quantities of gas in future delivery periods in excess of the daily quantities of FT-2 service that Company is able to make available to Shipper during such future delivery periods as described below. Such request shall include a schedule of quantities of gas that Shipper reasonably expects to nominate and have available for delivery from Connected Fields in future delivery periods. Company shall act upon Shipper's release request as soon as practicable, but in no event later than six (6) months from the date of receipt of Shipper's request. Such actions may include, without limitation, the installation of facilities or the solicitation of available firm TDs from other Shippers, to enable Company to receive such additional quantities from Shipper. To that end, Company shall review with Shipper the steps or actions Company is taking, or proposes to take, as soon as practicable but in no event later than three (3) months following Shipper's release request, and the additional TDs, if any, that are available to Shipper under its FT-2 Service Agreements in such future delivery periods. As part of such review, Company shall notify Shipper of the quantities of gas eligible for permanent release. Such quantities shall be equal to amount(s) of up to (a) the daily quantities of gas that Shipper reasonably expects to nominate and have available for delivery from Connected Fields

in future delivery periods, minus (b) the quantities of FT-2 service made available to Shipper for such future delivery periods (including the TDs under Shipper's existing FT-2 Service Agreements) on the date of such review (the "Permanent Release Quantities"). Within fifteen (15) days after such review, Shipper must notify Company in writing if Shipper elects to implement the permanent release of the obligations under Section 2.1 with respect to the Permanent Release Quantities; provided, however, that the Permanent Release Quantities shall be deemed to be the last quantities produced so that any release under this Section 2.7 is applicable only to the daily production quantity in excess of the level of FT-2 TDs that were made available to Shipper during such review. Upon such notification and immediately after the end of the six (6) month period set forth above, Company will release the Permanent Release Quantities from the obligations under Section 2.1. An illustrative example of the permanent release provisions of this Section 2.7 is provided at Exhibit B to this Agreement. Shipper may deliver the Permanent Release Quantities from any Connected Fields of Shipper's choice.

2.8 Permanent Release -- New Fields

This Section 2.8 pertains to the permanent release of gas that is to be produced from Committed Lease(s) composing an OCS field that are not yet connected to deepwater laterals or deepwater hubs which are connected to Company's pipeline facilities ("New Fields"). Shipper shall notify Company of its plans to produce from New Field(s), and of any additional TDs (by delivery period) that Shipper will require for such field as early as practicable, but not earlier than 48 months prior to the anticipated start-up of deliveries from the field. If Shipper wishes to increase its TDs to accommodate such production, it shall provide to Company supporting technical data for the TDs requested, including a production development plan and the facilities design capacity as provided in Transportation Request Form of Company's Tariff. As soon as practicable after the date Company receives Shipper's request for increased TDs, but in no event later than four (4) months after receiving such request, Company shall notify Shipper whether it can provide the increased TDs requested with existing facilities or whether it is willing to expand its system, subject to obtaining the appropriate level of contractual commitments and any necessary FERC and other regulatory approvals, to provide the increased TDs requested. If Company (i) is unable, with existing facilities, to provide to Shipper an average of at least 90% of the increased TDs requested throughout any four consecutive 3-month delivery periods or (ii) is unable or unwilling to expand its system, by the later of (a) 24 months after the date Company receives Shipper's request for increased TDs or (b) Shipper's anticipated start-up of deliveries from the New Field, to provide to Shipper an average of at least 90% of the increased TDs requested throughout any four consecutive 3-month delivery periods, then Company shall provide Shipper a written, permanent release of the Committed Lease(s) composing the New Field from this Agreement.

2.9 Shipper and Company agree to meet at least annually, or as often as they may agree is necessary, to update and revise Exhibit A hereto in order to reflect changes in the Committed Lease(s).

ARTICLE III
TRANSPORTATION

- 3.1 Shipper may request that its production from the Committed Lease(s) be transported only under Rate Schedules FT-2 or IT, in accordance with the provisions of the applicable Rate Schedule. Shipper shall execute no more than one (1) Rate Schedule FT-2 transportation Service Agreement per lease dedicated under this Reserve Commitment Agreement.
- 3.2 Company agrees to accept and process Shipper's Requests for Service under Section 3.1 in accordance with the provisions of the applicable Rate Schedules. Company does not guarantee sufficient capacity to transport all of Shipper's production from Committed Lease(s).
- 3.3 Company shall have no obligation to build or install new facilities to provide transportation service for production from Committed Lease(s), and except in the case of Company's breach of any contractual obligation, Shipper's sole and exclusive remedy, in the event of insufficient capacity, shall be as specified in Sections 2.6, 2.7, and 2.8 above.

ARTICLE IV
REGULATION

This Agreement shall be subject to all applicable and lawful governmental statutes, orders, rules and regulations.

ARTICLE V
TERM

This Agreement shall be effective _____, 20____, and shall remain in force and effect for the economic life of the Committed Lease(s) unless terminated sooner pursuant to other applicable provisions of this Agreement.

ARTICLE VI
NOTICES

Notices hereunder shall be given pursuant to the provisions of Section 16 of the General Terms and Conditions to the respective party at the applicable address, telephone number or facsimile machine number stated below or such other addresses, telephone numbers or facsimile machine numbers as the parties shall respectively hereafter designate in writing from time to time:

Company: Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX 77079
Attention: Business Development Department
Telephone No.: () _____
Facsimile Machine No.: () _____

Shipper: _____

Telephone No.: (____) _____
Facsimile Machine No.: (____) _____

ARTICLE VII
NONRECOURSE OBLIGATIONS

Shipper acknowledges and agrees that (a) Company is a Delaware limited liability company; (b) Shipper shall have no recourse against any member of Company with respect to Company's obligations under this agreement and its sole recourse shall be against the assets of Company, irrespective of any failure to comply with applicable law or any provision of this agreement; (c) no claim shall be made against any member of Company under or in connection with this Agreement; (d) Shipper shall have no right of subrogation to any claim of Company for any Capital Contribution from any member of Company; and (e) this representation is made expressly for the benefit of the members in Company.

ARTICLE VIII
MISCELLANEOUS

The laws of the State of Texas (excluding choice of law provisions) shall govern the validity, construction, interpretation, and effect of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first hereinabove written.

SHIPPER

Destin Pipeline Company, L.L.C.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
COMMITTED LEASE(S)

EXHIBIT B
Reserve Commitment Agreement

Example: Permanent Release Under Section 2.7 (Connected Fields)

Assumptions:

- Year 2001
- Shipper A: - has TD of 100,000 Mcf/day under its FT-2 Service Agreement
 - has then current production (as of 1/1/2001) from Connected Fields of 130,000 dt/day, but expects its production from such fields to increase to 175,000 dt/day beginning 1/1/2002, to remain at 175,000 dt/day through 12/31/2003 and to decline to 120,000 dt/day beginning 1/1/2004 (and thereafter to remain at that level)
 - Shipper has been receiving 20,000 dt of IT and 10,000 dt of Shipper's current production has been interrupted for 90 consecutive days (thru 12/31/2000)

Procedures:

1. Shipper on 1/1/2001 requests permanent release of quantities of gas in excess of quantities of FT-2 service available to Shipper with respect to future delivery periods.

2. By 5/1/2001, Company notifies Shipper of the actions it proposes to take and any additional TDs available to Shipper under its FT-2 service agreement in such future delivery periods.

Assume, for this example, Company informs Shipper that it has 25,000 Mcf/d of additional TDs available to Shipper under its FT-2 Service Agreement effective 6/1/2001 and another 30,000 Mcf/d of additional TDs available to Shipper under its FT-2 Service Agreement beginning 1/1/2002.

Permanent Release Quantities:

1. Shipper's Permanent Release Quantities are up to: 5,000 dt/day during 7/1/2001 through 12/31/2002; 20,000 dt/day during 1/1/2002 through 12/31/2003, and 0 beginning 1/1/2004 (see below):

7/1/2001 through 12/31/2001	130,000 - 125,000 (FT-2) = 5,000 dt/day
1/1/2002 through 12/31/2003	175,000 - 155,000 (FT-2) = 20,000 dt/day
beginning 1/1/2004	120,000 - 125,000 (FT-2) = 0 permanent release quantities

2. If Shipper's actual production in calendar year 2002 is 165,000 dt/day, only 10,000 dt/day will be released (last quantities produced rule).

This example is for illustrative purposes only. The actual application of Section 2.7 shall be governed by the provisions of Section 2.7.

Service Agreement No. _____
Authorization: _____

PRO FORMA

FORM OF SERVICE AGREEMENT
UNDER RATE SCHEDULE IT

THIS AGREEMENT, made and entered into as of this ____ day of _____, 20____, by and between Destin Pipeline Company, L.L.C., a Delaware limited liability company, hereinafter referred to as Company, and _____, a _____ corporation, hereinafter referred to as Shipper,

WITNESSETH

WHEREAS, Company is an interstate pipeline, as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA); and WHEREAS, Shipper has requested transportation pursuant to Rate Schedule IT of various supplies of gas for redelivery for Shipper's account on an interruptible basis and has submitted to Company a request for such transportation service in compliance with Section 2 of the General Terms and Conditions applicable to Rate Schedule IT; and

WHEREAS, Company has agreed to provide Shipper with transportation service in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I
TRANSPORTATION QUANTITY

1.1 Subject to the terms and provisions of this Agreement, Rate Schedule IT and the General Terms and Conditions thereto, Shipper may deliver, or cause to be

delivered, to Company at the Receipt Point(s) described in Exhibit A to this Agreement the quantity of natural gas (in Dth) nominated by Shipper and scheduled by Company for transportation by Company under this Agreement on a day. Company's obligation to accept gas at any Receipt Point is limited to the Maximum Daily Receipt Quantity (MDRQ) for each Receipt Point specified in the General Terms and Conditions of Company's Tariff.

1.2 Subject to the terms and provisions of this Agreement, Rate Schedule IT and the General Terms and Conditions hereto, Company shall deliver Equivalent Quantities to Shipper at the Delivery Point(s) nominated by Shipper and scheduled by Company under this Agreement. Company's obligation to redeliver gas at any Delivery Point is limited to the Maximum Daily Delivery

Quantity (MDDQ) for each Delivery Point specified in the General Terms and Conditions of Company's Tariff.

ARTICLE II CONDITIONS OF SERVICE

- 2.1 It is recognized that the transportation service hereunder is provided on an interruptible basis pursuant to, in accordance with and subject to the provisions of Company's Rate Schedule IT, and the General Terms and Conditions thereto, which are contained in Company's FERC Gas Tariff, as in effect from time to time, and which are hereby incorporated by reference. In the event of any conflict between this Agreement and Rate Schedule IT, the terms of Rate Schedule IT shall govern as to the point of conflict. Any limitation of transportation service hereunder shall be in accordance with the priorities set out in Rate Schedule IT and the General Terms and Conditions thereto.
- 2.2 This Agreement shall be subject to all provisions of the General Terms and Conditions applicable to Company's Rate Schedule IT as such conditions may be revised from time to time. Unless Shipper requests otherwise, Company shall provide to Shipper the filings Company makes at the Federal Energy Regulatory Commission (Commission) of such provisions of the General Terms and Conditions or other matters relating to Rate Schedule IT.
- 2.3 Company makes no representation, assurance or warranty that capacity will be available on Company's pipeline system at any time and Shipper agrees that Company shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.
- 2.4 Company shall have the right to discontinue service under this Agreement in accordance with Section 15.3 of the General Terms and Conditions hereto.
- 2.5 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this agreement.
- 2.6 This Agreement is subject to the provisions of Part 284 of the Commission's Regulations under the NGPA and the Natural Gas Act. Upon termination of this Agreement, Company and Shipper shall be relieved of further obligation to the other party except to complete the transportation of gas underway on the day of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalances accrued prior to termination of this Agreement, to render reports, and to make payment for all obligations accruing prior to the date of termination.

ARTICLE III
NOTICES

- 3.1 Except as provided in Section 8.6 herein, notices hereunder shall be given pursuant to the provisions of Section 16 of the General Terms and Conditions to the respective party at the applicable address, telephone number or facsimile machine number stated on Exhibit D hereto or such other addresses, telephone numbers or facsimile machine numbers as the parties shall respectively hereafter designate in writing from time to time.

ARTICLE IV
TERM

- 4.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first hereinabove written and shall be in full force and effect for a primary term of _____ and shall continue and remain in force and effect for successive terms of _____ each thereafter unless and until canceled by either party giving _____ written notice to the other party prior to the end of the primary term or any _____ extension thereof.

ARTICLE V
CONDITIONS PRECEDENT

- 5.1 Unless otherwise agreed to by the parties, the terms of Rate Schedule IT, and the General Terms and Conditions thereto, shall apply to the acquisition or construction of any facilities necessary to effectuate this Agreement. Other provisions of this Agreement notwithstanding, Company shall be under no obligation to commence service hereunder unless and until (1) all facilities, of whatever nature, as are required to permit the receipt, measurement, transportation, and delivery of natural gas hereunder have been authorized, installed, and are in operating condition, and (2) Company, in its reasonable discretion, has determined that such service would constitute transportation of natural gas authorized under all applicable regulatory authorizations and the Commission's Regulations.

ARTICLE VI
REMUNERATION

- 6.1 Shipper shall pay Company monthly for the transportation services rendered hereunder the charges specified in Rate Schedule IT, including any penalty and other authorized charges assessed under Rate Schedule IT and the General Terms and Conditions. Company may agree from time to time to discount the rates charged Shipper for services provided hereunder in accordance with the provisions of Rate Schedule IT. Said discounted charges shall be set forth on Exhibit C hereto.
- 6.2 The rates and charges provided for under Rate Schedule IT shall be subject to increase or decrease pursuant to any order issued by the Commission in any proceeding initiated by Company or applicable to the services performed hereunder. Shipper agrees that Company shall, without any further agreement by Shipper, have the right to change from time to time, all

or any part of this Agreement, as well as all or any part of Rate Schedule IT, or the General Terms and Conditions thereto, including without limitation the right to change the rates and charges in effect hereunder, pursuant to Section 4(d) of the Natural Gas Act as may be deemed necessary by Company, in its reasonable judgment, to assure just and reasonable service and rates under the Natural Gas Act. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made pursuant to this Section 6.2, including the right to contest the transportation rates or charges for the services provided under this Agreement, from time to time, in any subsequent rate proceedings by Company under Section 4 of the Natural Gas Act or to file a complaint under Section 5 of the Natural Gas Act with respect to such transportation rates or charges.

ARTICLE VII NONRECOURSE OBLIGATIONS

Shipper acknowledges and agrees that (a) Company is a Delaware limited liability company; (b) Shipper shall have no recourse against any member of Company with respect to Company's obligations under this agreement and its sole recourse shall be against the assets of Company, irrespective of any failure to comply with applicable law or any provision of this Agreement; (c) no claim shall be made against any member of Company under or in connection with this Agreement; (d) Shipper shall have no right of subrogation to any claim of Company for any Capital Contribution from any member of Company; and (e) this representation is made expressly for the benefit of the members in Company.

ARTICLE VIII MISCELLANEOUS

- 8.1 This Agreement constitutes the entire Agreement between the parties and no waiver by Company or Shipper of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.
- 8.2 The laws of the State of Texas (excluding choice of law provisions) shall govern the validity, construction, interpretation, and effect of this Agreement.
- 8.3 No modification of or supplement to the terms and provisions hereof shall be or become effective except by execution of a supplementary written agreement between the parties except that in accordance with the provisions of Rate Schedule IT, and the General Terms and Conditions thereto, Delivery Points may be added or deleted and the Maximum Daily Delivery Quantity for any Delivery Point may be changed upon execution by Company and Shipper of a Revised Exhibit B to reflect said change(s).
- 8.4 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

- 8.5 Exhibits A, B, C and/or D, as applicable, attached to this Agreement constitute a part of this Agreement and are incorporated herein.
- 8.6 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body of the federal or state government having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the transportation service which is the subject of this Agreement and to construct and operate any facilities necessary therefore. Each party shall have the right to seek such governmental authorizations as it deems necessary, including the right to prosecute its requests or applications for such authorization in the manner it deems appropriate. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this paragraph. Each party shall promptly provide the party with a copy of all filings, notices, approvals, and authorizations in the course of the prosecution of its filings.

(If applicable) In the event all such necessary regulatory approvals have not been issued or have not been issued on terms and conditions acceptable to Company or Shipper within _____ months from the date of the initial application therefore, then Company or Shipper may terminate this Agreement without further liability or obligation to the other party by giving written notice thereof at any time subsequent to the end of such _____-month period, but prior to the receipt of all such acceptable approvals. Such notice will be effective as of the date it is delivered to the U. S. Mail, for delivery by certified mail, return receipt requested.

- 8.7 (If applicable) This Agreement supersedes and cancels the Service Agreement (# _____) dated _____ between the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date first written above by their respective duly authorized officers.

Attest:

Destin Pipeline Company, L.L.C.

By _____
Its _____

(SHIPPER)

By _____
Its _____

Service Agreement No. _____
Service Agreement No. _____

EXHIBIT A
RECEIPT POINTS

All active Receipt Points on Company's pipeline system, a current list of which shall be maintained by Company on its Internet Web Site.

Service Agreement No. _____
Service Agreement No. _____

EXHIBIT B
DELIVERY POINTS

All active Delivery Points on Company's contiguous pipeline system, a current list of which shall be maintained by Company on its Internet Web Site.

EXHIBIT C
Discounted Rate Information

Discounted Transportation Rate: _____

Discounted Rate Effective From _____ to _____

(SHIPPER)

Destin Pipeline Company, L.L.C.

Service Agreement No. _____

EXHIBIT D
CONTACTS

NOTICES AND GENERAL CORRESPONDENCE

Company:

Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX 77079

Attention: Business Development Dept.
Telephone No.:() _____
Facsimile Machine No.:() _____

Shipper:

Telephone No.:() _____
Facsimile Machine No.:() _____

DISPATCHING NOTICES – NOMINATIONS/CONFIRMATIONS

Company:

Destin Pipeline Company, L.L.C.
Gas Pipeline Department
4502 East 41st Street, Suite 300
Tulsa, OK 74135
Telephone No.:(918) 660-4385
Facsimile Machine No.:(918) 660-4393

Shipper:

Telephone No.:_____
Facsimile Machine No.:_____

DISPATCHING NOTICES – LIMITATIONS

Company:

Name/Dept.:_____
Telephone No.:()_____
Facsimile Machine No.:()_____

Shipper:

Name/Dept.:_____
Telephone No.:()_____
Facsimile Machine No.:()_____

24-HOUR EMERGENCY

Company:

Name:_____
Telephone No.: ()_____
Facsimile Machine No.:()_____

Shipper:

Name:_____
Telephone No.()_____
Facsimile Machine No.:()_____

(1) Alternative Contact:

(2) Alternative Contact:

(1) Alternative Contact:

(2) Alternative Contact:

PAYMENTS

Company:

By Mail:
Destin Pipeline Company, L.L.C.
Bank:_____
ABA#_____
A/C#_____

Shipper:

By Mail:

By Wire Transfer:

Bank: _____

ABA# _____

A/C# _____

By Wire Transfer:

INVOICES

Shipper:

N/A

TRANSPORTATION REQUEST FORM

Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX 77079

Attention: Business Development Department

Gentlemen:

_____ (Shipper) hereby requests transportation services from Destin Pipeline Company, L.L.C. (Destin) and is providing Destin the following information in connection with this request:

1. Type of service requested is:

- _____ new service
- _____ new service obtained through permanent capacity release
- _____ new contract to bid on temporary capacity release of firm transportation
- _____ modification to existing service under Contract No. _____

and:

- _____ firm transportation (FT-1) (Code 1)
- _____ firm transportation (FT-2) (Code 1)
- _____ interruptible transportation (IT) (Code 2)

under Destin's Part 284 blanket certificate :
at the following rate:

_____ maximum rate
_____ discounted rate (please specify: _____ per Dth)

2. Full legal name of Shipper, Dun and Bradstreet number, type of legal entity and, if corporation, state of incorporation:

Contact person, address and telephone number for Shipper in areas of responsibility shown below, a 24-hour telephone and/or beeper number and three contact persons for Shipper for emergencies or OFOs, and a facsimile machine number (if available):

General Notices and Correspondence:

Dispatching Notices:

Nominations/Confirmations

Limitations/Capacity Allocation

Invoices:

Emergency Contact Persons:

- 1)

- (2)

- (3)

24-Hour Telephone No. or Beeper No.: _____

Facsimile Machine No.: _____

3. Whether Shipper is affiliated with Destin:

_____ No _____ Yes

4. Date service is requested to commence: _____
Date service is requested to terminate: _____

To be considered a valid request, firm transportation service must be requested to begin within 90 days of the date of the request, except if the request involves the construction of facilities or the issuance of any necessary certificate authorization to Destin and except for service requested pursuant to the Precedent Agreements or during the Open Season when special rules apply.

5. Transportation Demand requested: _____ Mcf per day for FT-1 service. (For FT-2 service, provide quarterly Transportation Demand Schedule in Attachment A hereto.)

Subject to execution of a mutually acceptable confidentiality agreement, for transportation service under Rate Schedule FT-2, Shipper must attach the following information:

- (a) identification of the Leases to be committed under Rate Schedule FT-2 (and supporting documentation);
 - (b) Schedule of Transportation Demand for specified delivery periods of 3 consecutive months or more;
 - (c) a life of lease production forecast for the Committed Lease(s) prepared by Shipper or by the Operator, which forecast supports the proposed Transportation Demand and either technical data supporting the production forecast and TDs or a report issued by one of the engineering firms listed on Appendix A to Rate Schedule FT-2 supporting the production profile and requested TDs;
 - (d) Production development plans, including facilities design capacity; and
 - (e) estimated total quantity of gas to be transported during the term of service: _____ Mcf.
6. On the Attachment A hereto, provide the following information related to each Receipt Point into Destin's system from which firm transportation service is requested. (Interruptible service shall include all available Receipt Points on Destin's system as supplied by Destin on Company's Internet Web Site):

_____ Destin's Receipt Point Code (if known)
_____ Name of Receipt Point
_____ Full description of Receipt Point (only if Destin's Receipt Point Code is not known)
_____ Maximum Daily Receipt Quantity for each Receipt Point

(If request is for firm transportation service, the sum of the Maximum Daily Receipt Quantities must equal the Transportation Demand requested in 5 above.)

7. (If Applicable) On Attachment B hereto, provide the following information related to each Delivery Point on Destin's system to which firm transportation service is requested if other than pipeline interconnects. (Interruptible service shall include all available Delivery Points on Destin's system as supplied by Destin on Company's Internet Web Site):

_____ Destin's Delivery Point Code (if known)
_____ Name of Delivery Point
_____ Full description of Delivery Point (only if Destin's Delivery Point Code is not known)
_____ Maximum Daily Delivery Quantity for each Receipt Point

8. Submit SHIPPER's most recent audited financial statements and three credit references in order to enable Destin to evaluate SHIPPER's creditworthiness.

Shipper understands that before this request is logged in by Destin, Destin must receive this request form, complete and unrevised as to format. Except as otherwise agreed by Shipper and Destin, Shipper hereby agrees to pay Destin's currently effective transportation rate applicable to this service. Shipper, by its signature, represents to Destin that the information above is correct and accurate.

Shipper, by its signature below, certifies (i) that it has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of service under the service agreement requested herein; (ii) that upon the commencement of transportation hereunder, but not as a condition precedent thereto, Shipper will provide the names of all upstream and downstream transporters involved in the transportation of gas hereunder; and (iii) that Shipper has title or a current contractual right to acquire title to the gas to be delivered to Destin.

Very truly yours,

By _____

ATTACHMENT A
TRANSPORTATION REQUEST FORM
RECEIPT POINT INFORMATION
FOR FIRM TRANSPORTATION

Shipper: _____

Point Code	Point Name	Point Description	(If Applicable) Quarterly FT-2 Delivery Periods	Maximum Daily Receipt Quantity in Mcf
------------	------------	-------------------	--	--

ATTACHMENT B
TRANSPORTATION REQUEST FORM
DELIVERY POINT INFORMATION
FOR FIRM TRANSPORTATION

Shipper: _____

Point Code	Point Name	Point Description	(If Applicable) Quarterly FT-2 Delivery Periods	Maximum Daily Delivery Quantity in Mcf
------------	------------	-------------------	--	---

PRO FORMA

OPERATIONAL BALANCING AGREEMENT

This AGREEMENT is made and entered into this ____ day of _____, 20__, between Destin Pipeline Company, L.L.C. (Destin) and _____ (Operator), together referred to as Parties.

WHEREAS, the facilities operated by Destin and Operator interconnect at the Point specified on Exhibit A attached hereto; and

WHEREAS, Destin and Operator have entered into one or more transportation agreements with various third party shippers whereby Destin receives and/or delivers gas at the Point on behalf of such shippers, and Operator delivers and/or receives gas on behalf of such shippers at the Point; and

WHEREAS, from time to time, gas quantities actually received and delivered at the Point by each Party may be greater than or less than the confirmed nominated quantities scheduled for receipt and delivery at the Point, resulting in over or under-deliveries relative to such scheduled quantities; and

WHEREAS, Destin and Operator desire to allocate volumes transported by each Party to or from the Point on behalf of their shippers based upon scheduled nominations and to allocate any difference between such scheduled daily nominations and actual daily receipts or deliveries at the Point (Operational Imbalance) to this Agreement; and

WHEREAS, Destin and Operator desire to correct any Operational Imbalances pursuant to the procedures set forth herein; and

WHEREAS, Destin and Operator desire to implement operating rules designed to encourage conduct that maintains a system balance on Destin and Operator's systems and to facilitate the movement of gas for transportation by shippers

NOW THEREFORE, the Parties agree that such Operational Imbalances at the Point shall be treated in the following manner:

ARTICLE I
NOMINATIONS AND CONFIRMATIONS

- 1.1 Confirmation of Nominations - Not later than 3:30 p.m. Central Clock Time on the day prior to the beginning of the month in which service is to commence, Destin and Operator shall confirm the quantities nominated to be received and delivered by the Parties at the Point commencing on the first day of the month following the confirmation. Any modification or adjustment to such Scheduled Quantities must be confirmed by Destin and Operator prior to the commencement of the revised service. Neither Party shall be obligated to revise the Scheduled

Quantities in effect unless the other Party notifies it by 3:30 p.m. Central Clock Time on the day prior to the day the change in physical deliveries is to be made, unless the Parties mutually agree otherwise. Destin shall provide evidence of such Scheduled Quantities (in writing or by electronic means) on the day of such confirmation, unless mutually agreed to otherwise. If at any time during a month Operator fails to respond to Destin's request to confirm the quantities to be received or delivered at the Point, then Destin may, at its option, terminate this Agreement at the end of the current calendar month upon prior written notice to Operator. If at any time during a month Destin fails to respond to Operator's request to confirm the quantities to be delivered or received at the Point, then Operator may, at its option, terminate this Agreement at the end of the current calendar month upon prior written notice to Destin. The Parties also agree that the provisions of this Agreement apply to any scheduled deliveries or receipts by displacement at the Point.

- 1.2 Allocations Based on Scheduled Nominations - The Parties intend that the volumes of natural gas actually delivered or received at the Point will be equal to the Scheduled Quantities to be delivered or received. Operator shall use all reasonable efforts to ensure that the quantities actually delivered or received by it at the Point are equal to the Scheduled Quantities. Destin shall use all reasonable efforts to ensure that the quantities actually received or delivered by it at the Point are equal to the Scheduled Quantities. Each Party agrees to allocate volumes to be delivered and received at the Point each day to each Party's respective shippers based upon the Scheduled Quantities set forth in Section 1.1 above.
- 1.3 Allocation of Variances - The sum of the daily differences between the Scheduled Quantities set forth in Section 1.1 above for each day and the actual quantity delivered and/or received at the Point on each day during the calendar month shall be the Monthly Operational Imbalance. Any Monthly Operational Imbalances will be resolved in accordance with Section 2.2 herein, unless mutually agreed otherwise.
- 1.4 Penalties - If Destin is experiencing operational difficulties because of the variance between scheduled nominations and actual flows at the Point, the provisions of Section 25 of the General Terms and Conditions shall apply.
- 1.5 Reports on Actual Deliveries - Actual deliveries and receipts at the Point shall be determined by the measured volumes recorded at the Point. Measurement of gas at the Point shall be in accordance with the provisions of the currently effective FERC Gas Tariff of the Point Operator set forth on Exhibit A hereto. Any gas received or delivered at the Point shall be adjusted for variation in Btu content and shall be reported in Dths unless the parties mutually agree otherwise. The Party that owns the primary measurement facilities at the Point shall (a) allow the other Party to tie into such equipment to receive accurate electronic measurement data on a "real time" basis; and (b) provide to the other Party the measured volumes, adjusted for Btu content, recorded each day at the Point within two business days thereafter, unless the Parties agree otherwise.
- 1.6 Capacity Constraints - Each Party shall be responsible for the scheduling and management of its respective pipeline capacity and pipeline system constraints at the Point. In the event that a

capacity constraint occurs on either Party's pipeline system which results in the limitation of quantities through the Point, the Party on whose system the constraint has occurred shall determine the change in Scheduled Quantities for its shippers. Such change in Scheduled Quantities shall be confirmed in writing pursuant to the provisions of Paragraph 1.1 above. If the constraint occurs at the Point, the Party that operates the measurement facilities at the Point shall be deemed to have the constraint on its system.

- 1.7 Operational Integrity - Nothing in this Agreement shall limit Destin's or Operator's ability to mutually agree to take action as may be required to adjust deliveries or receipts of gas at the Point in order to alleviate conditions which threaten the integrity of either system.
- 1.8 Hourly Rate - The Parties agree that confirmed nominations scheduled to be received and delivered will occur at a uniform hourly rate or at an hourly rate agreeable to both Parties as communicated by each Party's appropriate confirmation representative or gas dispatching department.

ARTICLE II CORRECTION AND RESOLUTION OF PIPELINE IMBALANCES

- 2.1 Corrections in Flow Rates During A Month - Adjustments in nominations and/or scheduled deliveries or receipts at the Point shall be made by Operator and Destin during the transportation month, if necessary, to control imbalance levels by confirming such adjustments with the other Party pursuant to the procedures established in Section 1.1. If either Party fails to take such corrective action, the other Party may, upon prior written notice, terminate this Agreement at the end of the current calendar month.
- 2.2 Resolution of Imbalances
 - (a) Each Monthly Operational Imbalance shall be resolved in the following month by dividing the Monthly Operational Imbalance by the actual Dths metered during the month at the Point. Such percentage determined above shall be Operator's Net Imbalance Percentage for the month and shall be used to resolve Operator's Monthly Operational Imbalance as follows:
 - (i) If the Monthly Operational Imbalance results from either (A) the total net quantities of gas delivered by Operator at the Point during the month being greater than the total of scheduled nominations, or (B) the total net quantities of gas delivered by Destin at the Point during the month being less than the total scheduled nominations, Destin shall pay Operator for its Monthly Operational Imbalance (per Dth) at the following prices specified for each stated percentage level up to its Net Imbalance Percentage:

Imbalance Percentage	Percentage of Index Price
0 to 5%	100% of Low Price
> 5 to 10%	85% of Low Price
> 10 to 15%	75% of Low Price
> 15 to 20%	60% of Low Price
> 20%	50% of Low Price

- (ii) If the Monthly Operational Imbalance results from either (A) the total net quantities of gas delivered by Operator at the Point during the month being less than the total scheduled nominations, or (B) the total net quantities of gas delivered by Destin at the Point during the month being greater than the total scheduled nominations, Operator shall pay Destin for Operator's Monthly Operational Imbalance (per Dth) at the

following prices for each stated percentage level up to its Net Imbalance Percentage:

Imbalance Percentage	Percentage of Index Price
0 to 5%	100% of High Price
> 5 to 10%	115% of High Price
> 10 to 15%	125% of High Price
> 15 to 20%	140% of High Price
> 20%	150% of High Price

- (b) The Index Price shall be determined pursuant to the procedures set forth on Exhibit C to this Agreement. The Low Price is equal to the lowest of the spot prices which comprise the Index Price during the month in which the Monthly Operational Imbalance was incurred. The High Price is equal to the highest of the spot prices which comprise the Index Price during the month in which the Monthly Operational Imbalance was incurred.
- (c) It is agreed that in the event Destin owes Operator any payments under Section 2.2(a)(i) above from a previous month which are past due, Operator shall have the right hereunder to offset payments it owes to Destin under Section 2.2(a)(ii) above by such past due amounts (inclusive of interest). It is agreed that in the event Operator owes Destin any payments under Section 2.2(a)(ii) above from a previous month which are past due, Destin shall have the right hereunder to offset payments it owes to Operator under Section 2.2(a)(i) above by such past due amounts (inclusive of interest).
- (d) The Parties agree that _____ will be responsible for billing the "cash out" amounts under this Agreement. Actual metered volumes,

adjusted for actual Btu content, shall be used for purposes of determining the Monthly Operational Imbalance at the Point. Along with the invoice, _____ shall tender to the other Party a Monthly Operational Imbalance Statement that contains information substantially similar to that shown in Exhibit B attached hereto.

- 2.3 Corrections in Subsequent Periods - If either Party discovers any measurement errors in the actual metered quantities of gas delivered and received at the Point which are required to be corrected by the measuring Party's FERC Gas Tariff, then such error shall be corrected in the current calendar month by adding to the Monthly Operational Imbalance Statement an adjustment reflecting the measurement errors. Such adjustment in volumes resulting from such measurement errors shall be cashed out by multiplying the adjustment by the lesser of (i) 100% of the Index Price determined pursuant to Exhibit C for the month in which the measurement error occurred, or (ii) 100% of the Index Price determined pursuant to Exhibit C for the month in which the measurement error was discovered. The correction of such measurement error on Operator's Monthly Imbalance Statement also will reflect any transportation charges owed by Operator under Section 2.2(b) above or credits owed by Destin to Operator to correct previous transportation charges. The correction shall be made to the month of flow for allocation and billing purposes. No adjustments of actual metered quantities shall be made after six (6) months from the month in which they were measured unless otherwise agreed to by the Parties. If either party disputes the measurement adjustments, it will have three (3) months after the adjustment is made to rebut the adjustment.

ARTICLE III TERM

- 3.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force and effect from the date hereof
for a primary term through _____, and shall continue thereafter on a month-to-month basis unless canceled by either Party upon at least forty-eight (48) hours prior written notice to the other Party prior to the effective date of termination.
- 3.2 Continuing Obligations - Following the termination of this Agreement, any remaining Monthly Operational Imbalance accrued during the term of the Agreement shall be corrected by the imbalance resolution procedures set forth in Section 2.2 above.

ARTICLE IV NONRECOURSE OBLIGATIONS

Operator acknowledges and agrees that (a) Destin is a Delaware limited liability company; (b) Operator shall have no recourse against any member of Destin with respect to Destin's obligations under this agreement and its sole recourse shall be against the assets of Operator, irrespective of any failure to comply with applicable law or any provision of this Agreement; (c) no claim shall be made against any member of Destin under or in connection with this Agreement; (d) Operator shall have no right of

subrogation to any claim of Destin for any Capital Contribution from any member of Destin; and (e) this representation is made expressly for the benefit of the members in Destin.

ARTICLE V MISCELLANEOUS

- 5.1 Warranties - Operator warrants (i) that it has the right to allocate all receipts and/or deliveries at the Point(s) in accordance with this Agreement, and (ii) that it will indemnify and save Destin harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas on Operator's system hereunder. Destin warrants (i) that it has the right to allocate all deliveries and/or receipts at the Point(s) in accordance with this Agreement, and (ii) that it will indemnify and save Operator harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas on Destin's system hereunder.
- 5.2 Governing Bodies - This agreement shall be subject to all applicable laws, Federal or State, and to all applicable rules, orders, statutes and regulations of any duly authorized Federal, State or other government agency having jurisdiction.
- 5.3 Waivers - No waiver by either Party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.
- 5.4 Billings and Payments - Bills and payments which are due hereunder shall be tendered in accordance with the billing and payment terms of the billing Party's FERC Gas Tariff, unless the Parties agree otherwise.
- 5.5 Third Party Beneficiaries - No person, firm or corporation which is not a party hereto shall have any legal or equitable right, remedy or claim under this Agreement or any provision herein. Nothing herein is intended to or shall establish any third party beneficiaries to this Agreement.
- 5.6 Operations - Neither Party shall have any obligation to alter its system pressures, provide compression or modify its operations to eliminate any Operational Imbalance hereunder.
- 5.7 Incorporation of Tariff - Unless otherwise stated herein, the General Terms and Conditions specified in the currently effective Volume No. 1 of Destin's FERC Gas Tariff shall be incorporated as part of this Agreement. Notwithstanding anything in this Agreement to the contrary, this Agreement is not intended to modify or waive any rights or obligations either Party may have under its FERC Gas Tariff, as such may be revised from time to time.
- 5.8 Creditworthiness - Destin or Operator may make an inquiry into the other Party's creditworthiness and obtain adequate assurances of each's solvency and ability to perform

under this Agreement. In this regard, upon request, Operator and Destin agree to supply each other with credit information from time to time including, but not limited to, three (3) credit references and either their most recent audited or otherwise verified financial statement, or alternate credit information sufficient to demonstrate that they will be able to meet their financial obligations under this Agreement. The Parties acknowledge that Destin or Operator may terminate this Agreement at the end of the current calendar month upon prior written notice to the other Party hereto if they do not receive the information sought by the requesting Party which assures that Party of Operator's or Destin's solvency and ability to continue to perform its obligations under this Agreement.

- 5.9 Assignability - This Agreement shall not be assignable by either Party.
- 5.10 Governing Law - The validity and interpretation of this Agreement shall be governed by the laws of the State of Texas (excluding choice of law provisions).
- 5.11 Superseding Agreement - The terms of this Agreement shall supersede the terms of any other balancing agreement between Destin and Operator with regard to the allocation of gas at the Point and the resolution of the Monthly Operational Imbalance. No modifications or amendments to this Agreement shall be valid or enforceable unless such modifications or amendments are stated in writing and validly executed by both Parties.
- 5.12 Exhibits - Exhibits A, B and C attached hereto constitute part of this Agreement and are incorporated herein by reference.
- 5.13 Notices - Except as otherwise provided herein or in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and mailed to the following address of the Party intended to receive the same, or such other address as either Party may later designate in writing:

Destin Pipeline Company, L.L.C.:

NOTICES: Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX77079

Attention: Business Development Department

INVOICES: Destin Pipeline Company, L.L.C.

Attention: _____

PAYMENTS: [wire transfer instructions]

OPERATOR:
NOTICES: _____

INVOICES: _____

PAYMENTS: _____

The Parties' respective signatures below hereby evidence their agreement to this Operational Balancing Agreement as of the date first written above.

Witness:

Operator

BY: _____

ITS: _____

Witness:

Destin Pipeline Company, L.L.C.

BY: _____

ITS: _____

EXHIBIT A

Point(s)	Destin's Point Code(s)	Operator's Point Code(s)
(Description)	_____	_____

Point Operator: _____

Point Owner: _____

EXHIBIT B

Monthly Operational Imbalance Statement
 Operational Balancing Agreement
 Dated: _____

(OPERATOR)

Destin Pipeline Company, L.L.C.

Meter Nos.: _____
 Agreement No.: _____
 Service Month/Yr.: _____
 Preparer's Name: _____ Phone No.: _____
 Date Prepared: _____

Destin Shipper Name	Destin Contract	Corresponding Operator Contract and/or Shipper Name	Scheduled Quantities (Dth)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
TOTAL NOMINATIONS			(A) _____
ACTUAL QUANTITY DELIVERED, Dth			(B) _____
CURRENT MONTHLY OPERATIONAL IMBALANCE, Dth			(A)-(B)=(C) _____

MONTHLY INDEX PRICE PER Dth (D) \$ _____
AMOUNT DUE OPERATOR (+) OR (D)x(C) \$ _____
DUE DESTIN (-)

EXHIBIT C

The Index Price shall be equal to the sum of the spot prices published by the following publications for delivery to Destin's pipeline system during the month in which the Monthly Operational Imbalance was incurred divided by the number of such prices utilized by Destin as determined below:

- (a) Natural Gas Intelligence Gas Price Index, "South Louisiana," "Southern Natural," "Average"; and
- (b) Inside F.E.R.C.'s Gas Market Report, "Transcontinental Gas Pipe Line Corp.," Mississippi, Alabama, "Index;"
- (c) Inside F.E.R.C.'s Gas Market Report, "Florida Gas Transmission," "Zone 3," "Index;"
- (d) Inside F.E.R.C.'s Gas Market Report, "Koch Gateway Pipeline Company," "South Louisiana/East Side," "Index;" and
- (e) Natural Gas Intelligence Price Index, "South Louisiana," "Tennessee Line 500," "Average."

With respect to Inside F.E.R.C.'s Gas Market Report, Destin will use the posting published for the first of the month only. With respect to Natural Gas Intelligence Gas Price Index, Destin will use the weekly postings published during the month within the following parameters. The first weekly posting to be used will be the first issue of Natural Gas Intelligence Gas Price Index published during the month. The last weekly posting to be used will be the last issue of said publication published no later than two (2) business days prior to the nomination deadline set forth in the currently effective Volume No. 1 of Destin's FERC Gas Tariff for transportation service for the first day of the following month. In the event either of these publications or specific postings contained therein is discontinued, Destin will substitute another price index generally accepted in the natural gas industry, as more particularly set forth in Section 14.1 of the General Terms and Conditions of the currently effective Volume No. 1 of Destin's FERC Gas Tariff. Until Destin makes such substitution, Destin will continue to calculate the Index Price each month based on the remaining index.

Appendix C
Agreement No. _____

FORM OF POOLING AGREEMENT

THIS AGREEMENT, made and entered into as of this ____ day of _____, 20__, by and between Destin Pipeline Company, L.L.C., a Delaware limited liability company, hereinafter referred to as Company, and _____, a _____ corporation, hereinafter referred to as Pooler,

WITNESSETH

WHEREAS, Company, an interstate pipeline as defined in Section 2(15) of the Natural Gas Policy Act of 1978 (NGPA), performs transportation services pursuant to Part 284 of the Regulations of the Federal Energy Regulatory Commission (Commission); and

WHEREAS, Pooler has requested the ability under Company's FERC Gas Tariff to be able to nominate gas volumes for delivery under one or more Service Agreements under Rate Schedule FT-1, Rate Schedule FT-2, and/or Rate Schedule IT, to a Pool under the terms and conditions of a Pooling Agreement; and

WHEREAS, Company is agreeable to such an arrangement in accordance with the terms and conditions of this Agreement as well as the subject Service Agreements, and any applicable Commission Regulations under the NGPA or Natural Gas Act. NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
BALANCING TERMS AND CONDITIONS

- 1.1 Pooler recognizes and agrees that it is Pooler's responsibility to ensure that the quantities of gas actually delivered from the Pool to the Delivery Points matches the quantities of gas nominated from the Pool to the same Delivery Points each day. To the extent the quantities of gas actually delivered from the Pool to the Delivery Points each day are less than or greater than the quantities of gas nominated by Pooler at said Delivery Points, such variance shall constitute an imbalance between Pooler and COMPANY under the terms of this Agreement (Imbalance).
- 1.2 Pooler recognizes and agrees that this Agreement in no manner waives Pooler's obligation to use its best efforts to ensure that the quantities of gas remain in balance on a daily and monthly basis with those quantities nominated into and out of Pooler's Pool.
- 1.3 Any Imbalances accrued under this Agreement shall be resolved pursuant to the provisions of Section 14 of the General Terms and Conditions.
- 1.4 Unless otherwise changed by COMPANY as provided in Section 2.3 of the General Terms and Conditions, no rate will be charged for service under this Agreement. All Transportation and related charges for gas delivered into the Pool shall be applied to the applicable FT-1, FT-2 and IT Service Agreements delivering gas to the Pool.

ARTICLE II NOMINATIONS

- 2.1 Pooler shall nominate gas for delivery into its Pool and delivery out of its Pool pursuant to the procedures of Section 12 of the General

Terms and Conditions with such nominations submitted in the format set forth in Exhibit I hereto. Pooler's nominations shall be used to confirm nominations for deliveries into the Pool under Service Agreements. Pooler's nominations to all Delivery Points or the Pool shall be subject to the Operational Flow Order provisions set forth in Section 25 of the General Terms and Conditions.

- 2.2 If Pooler wishes to nominate to deliver gas to a third-party Pooler's Pool, COMPANY will allow such a nomination provided that the third-party Pooler submits a corresponding nomination to deliver gas from its Pool to Delivery Points.

- 2.3 On its nomination form, Pooler shall provide a predetermined balancing priority of all of the transportation Service Agreements served by Pooler's Pool to be used by Company to limit the markets served by such Pool in the event of an interruption or reduction in Pooler's supplies.

- 2.4 On its nomination form, Pooler shall also provide a predetermined balancing priority of all the Receipt Points serving Pooler's Pool to be used to limit the receipts of gas into Pooler's Pool in the event of an interruption or reduction in the markets that Pooler is supplying.

- 2.5 In the event there is a capacity constraint at a Delivery Point, Pooler's nominations at such constrained Delivery Point shall be allocated on a pro rata basis with nominations under IT Service Agreements at said Point, except to the extent that the Pooling Agreement has been assigned the Delivery Point on a firm basis by a firm shipper. Any nomination by a Pooler at an assigned firm Delivery Point shall be allocated on a firm basis pro rata with other nominations at primary Exhibit B Delivery Points under an FT-1 or FT-2 Service Agreement.

- 2.6 Pooler shall exercise due diligence in monitoring the supply serving its Pool and shall notify Company promptly of any variations it discovers in its supplies.

ARTICLE III CREDITWORTHINESS

- 3.1 If at any time Pooler is or becomes insolvent or fails to demonstrate creditworthiness, Pooler must provide Company one of the following forms of credit to enter into or maintain in effect this Agreement: (a) a security deposit or other good and sufficient surety, as determined by Company in its reasonable discretion, in an amount equal to the maximum interruptible transportation rate multiplied by Pooler's average Pool nominations for a three (3) month period; or (b) a guarantee from a creditworthy party that said creditworthy party will be

responsible for payment of all charges or penalties assessed by Company but not paid by Pooler hereunder.

ARTICLE IV NOTICES

- 4.1 Except as provided in Section 6.1 herein, notices hereunder shall be given pursuant to the provisions of Section 16 of the General Terms and Condition to a party at the applicable address, telephone number or facsimile machine number stated in Exhibit II hereto or such other addresses, telephone numbers or facsimile machine numbers as the parties shall respectively hereafter designate in writing from time to time.

ARTICLE V TERM

- 5.1 Subject to the provisions hereof, this Agreement shall become effective as of the date first written above, and shall remain in full force and effect for a primary term of one month and shall continue and remain in force and effect for successive terms of one month each thereafter unless and until canceled by either party giving written notice at least five (5) days prior to the end of the primary term or any monthly extension thereof. The provisions for correcting imbalances or paying penalties which accrue prior to the termination date of this Agreement shall survive the termination of this Agreement.

ARTICLE VI CONDITIONS OF SERVICE

- 6.1 This Agreement is subject to all present and future valid laws and orders, rules, and regulations of any regulatory body having or asserting jurisdiction herein. After the execution of this Agreement, each party shall make and diligently prosecute, all necessary filings with federal or other governmental bodies, or both, as may be required for the initiation and continuation of the service which is the subject of this Agreement. In the event all necessary regulatory approvals are not issued on terms and conditions acceptable to Company and Pooler, either party may terminate this Agreement without further liability or obligation to the other party by giving written notice within thirty (30) days after receipt of the unacceptable authorization. Such notice will be effective as of the date it is delivered to the U.S. mail for delivery by certified mail, return receipt requested.
- 6.2 This Agreement is entered into by the Parties hereto with the understanding that the terms and provisions hereof and any services provided hereunder are subject to the provisions of the Natural Gas Act. Upon termination of this Agreement, Company and Pooler shall be relieved of further obligation to the other party except to complete the activities underway on the date of termination, to comply with the provisions of Section 14 of the General Terms and Conditions with respect to any imbalance accrued prior to the termination of this Agreement, to render reports and to make any payments accruing as of the date of termination.

- 6.3 This Agreement is subject to the provisions of the General Terms and Conditions contained in Company's FERC Gas Tariff unless clearly unrelated to this Agreement and any future modifications, additions or deletions thereto.
- 6.4 Pooler agrees that Company shall, without any further agreement by Pooler, have the right to change from time to time all or any part of this Agreement, as well as all or any part of Rate Schedule IT, or the General Terms and Conditions applicable hereto. Nothing contained herein shall prejudice the rights of Pooler to contest at any time the changes made pursuant to this Section 6.4.
- 6.5 The parties hereto agree that neither party shall be liable to the other party for any special, punitive, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Agreement.

ARTICLE VII NONRECOURSE OBLIGATIONS

Pooler acknowledges and agrees that (a) Company is a Delaware limited liability company; (b) Pooler shall have no recourse against any member of Company with respect to Company's obligations under this agreement and its sole recourse shall be against the assets of Company, irrespective of any failure to comply with applicable law or any provision of this Agreement; (c) no claim shall be made against any member of Company under or in connection with this Agreement; (d) Pooler shall have no right of subrogation to any claim of Company for any Capital Contribution from any member of Company; and (e) this representation is made expressly for the benefit of the members in Company.

ARTICLE VIII MISCELLANEOUS

- 8.1 No waiver by Company or Pooler of any default of either party under this Agreement shall operate as a waiver of any subsequent default whether of a like or different character.
- 8.2 The laws of the State of Texas (excluding choice of law provisions) shall govern the validity, construction, interpretation and effect of this Agreement.
- 8.3 Exhibits I and II are attached hereto and incorporated herein.
- 8.4 No modification of or supplement to the terms and provisions hereof shall become effective except by execution of a supplementary written agreement between the parties.
- 8.5 This Agreement shall bind and benefit the successors and assigns of the respective parties hereto. Neither party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that either party

may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above by each party's respective duly authorized officers.

ATTEST: Destin Pipeline Company, L.L.C.

By _____
 Its _____

 (Pooler)

By _____
 Its _____

By _____
 Its _____

By _____
 Its _____

EXHIBIT I
 Destin Pipeline Company, L.L.C.

GAS PIPELINE DEPARTMENT
 SUPPLY POOL NOMINATION - RECEIPT POINT AND MARKET DETAIL

Seller: _____ Contract No.: _____ Begin Date: _____ Time: ____ 9:00 a.m. or ____ 3:00 p.m.
 Month/Day/Year

End Date: _____
 Month/Day/Year

RECEIPT POINT DETAIL-----

Receipt Point	Source*	Interest Owner	Associated Contract	Associated Package Shipper	I.D. Nominated Quantity Dth @ 14.73 Dry
_____	_____	_____	_____	_____	_____
Code	Name	Balancing Priority	_____	_____	

EXHIBIT II
To
POOLING AGREEMENT
(Agreement No. _____)

CONTACTS
NOTICES AND GENERAL CORRESPONDENCE

Company:

Destin Pipeline Company, L.L.C.
550 Westlake Park Boulevard
Houston, TX 77079
Attention: Business Development Dept.
Telephone No.:() _____
Facsimile Machine No.:() _____

Shipper:

Telephone No.:() _____
Facsimile Machine No.:() _____

DISPATCHING NOTICES – NOMINATIONS/CONFIRMATIONS

Company:

Destin Pipeline Company, L.L.C.
Gas Pipeline Department
4502 East 41st Street, Suite 300
Tulsa, OK 74135
Telephone No.:(918) 660-4385
Facsimile Machine No.:(918) 660-4393

Shipper:

Telephone No.:() _____
Facsimile Machine No.:() _____

DISPATCHING NOTICES - LIMITATIONS

Company:

Name/Dept.: _____
Telephone No.: () _____
Facsimile Machine No.:() _____

Shipper:

Name/Dept.: _____
Telephone No.: _____
Facsimile Machine No.: _____

24 – HOUR EMERGENCY

Company:

Name/Dept.: _____
Telephone No.:() _____

Shipper:

Name/Dept.: _____
Telephone No.: _____

Facsimile Machine No.:() _____

Facsimile Machine No.: _____

(1) Alternative Contact:

(1) Alternative Contact:

(2) Alternative Contact:

(2) Alternative Contact:

PAYMENTS

Company:

Shipper:

By Mail:

Destin Pipeline Company, L.L.C.

By Mail:

Bank: _____

ABA# _____

A/C# _____

By Wire Transfer:

By Wire Transfer:

Bank: _____

ABA# _____

A/C# _____

INVOICES

Company:

Shipper:

N/A

APPENDIX D

INTERACTIVE INTERNET WEBSITE AGREEMENT

RE: Interactive Internet Website Agreement

Dear _____:

Destin Pipeline Company, L.L.C. ("Operator") will provide an Interactive Internet Website to facilitate access to and provide information concerning transportation services. Operator hereby agrees to provide authorized representatives of _____ (hereinafter referred to as SHIPPER) with USERIDs and passwords necessary to access the Interactive Internet Website and in consideration therefore, SHIPPER agrees its use of the Interactive Internet Website shall be subject to the following terms and conditions.

1. Operator agrees to permit those employees (including officers and directors) specified by SHIPPER to receive USERIDs and passwords for access to the Interactive Internet Website. Any person permitted by SHIPPER to access the Interactive Internet Website must have the legal authority to act on behalf of SHIPPER in performing those functions listed on the Interactive Internet Website's menu for which he/she is authorized, including those functions which are available presently and those functions which shall become available at a later date. In particular, SHIPPER shall designate one or more persons to perform the contracting function and thereby legally bind SHIPPER to any Agreement or amended Agreement executed by SHIPPER on the Interactive Internet Website. SHIPPER agrees and acknowledges that Operator shall be entitled to rely on SHIPPER'S representation that all persons authorized to perform a contracting function through the Interactive Internet Website have been duly authorized by SHIPPER to enter into one or more Agreements or amended Agreements on its behalf.
2. Operator agrees that in addition to appropriately authorized employees, officers and directors, SHIPPER may access the Interactive Internet Website through an agent or representative, (hereinafter referred to as "Agent") as long as such Agent is appointed in writing through the agency agreement attached hereto as Exhibit A (Agency Agreement), which specifically gives the Agent the legal authority to act on behalf of SHIPPER in performing any or all functions listed on the Interactive Internet Website menu, including those functions which are available presently and those functions which shall become available at a later date. SHIPPER agrees to provide Operator's Gas

Pipeline Department, 4502 East 41st Street, Suite 300, Tulsa, OK 74135 with an executed copy of the Agency Agreement. Operator agrees that SHIPPER may cancel the Agency Agreement by notifying Operator pursuant to the procedures set out in paragraph 6 of this letter agreement. Operator agrees further that SHIPPER may appoint a successor Agent by providing Operator with an executed copy of such successor's Agency Agreement. Operator shall not be required, however, to give effect to any Agency Agreement until it has actually received an executed copy of such Agency Agreement in writing or through the Interactive Internet Website if the Agency Agreement has been executed on the Interactive Internet Website.

3. Prior to being issued USERIDs and passwords, each of SHIPPER's employees and Agents (collectively hereinafter referred to as "authorized persons") must return to Operator a completed Interactive Internet Website Access Request Form, attached hereto as Exhibit B. SHIPPER agrees to promptly provide Operator with any material change to the information provided thereon, including but not limited to the designation of an Agent.
4. SHIPPER's combined USERIDs and passwords are confidential and are used to identify SHIPPER. SHIPPER agrees that only authorized persons of SHIPPER will be given SHIPPER's USERIDs and passwords and only authorized persons will be permitted to access the Interactive Internet Website on SHIPPER's behalf. SHIPPER agrees to keep confidential all USERIDs and passwords issued by Operator to SHIPPER for use on the Interactive Internet Website. SHIPPER further agrees that SHIPPER and its authorized persons will not disclose its USERIDs and passwords, either separately or combined, to anyone without authority to access the Interactive Internet Website for SHIPPER. Any use of the Interactive Internet Website by any person using any of SHIPPER's USERID's and/or passwords shall be deemed to be authorized use by SHIPPER and SHIPPER agrees to be responsible for and to accept liability for any such use.
5. Certain information contained in the Interactive Internet Website is proprietary and confidential. SHIPPER agrees not to disclose or otherwise make available confidential information to any other company, corporation or third party, whether such information is accessed in an authorized or unauthorized manner. This provision does not apply to any information maintained by Operator on the Internet Web Site, as such information is available to all parties.
6. SHIPPER agrees to notify Operator if there is any indication that a security breach has occurred with regard to SHIPPER's USERIDs and passwords. This includes, but is not limited to (i) loss of confidentiality of USERIDs and passwords; (ii) termination of employment of any authorized person; or (iii) loss of authority to access the Interactive Internet Website by any authorized person. Such notification shall be made to Operator's Transportation Services Department immediately by telephone and shall be followed by written notification with in five (5) business days.

7. SHIPPER agrees to attempt to access only that data for which SHIPPER has authorization. All access attempts, whether successful or unsuccessful, are recorded.
8. Operator shall operate its Interactive Internet Website system in a prudent manner. Except for the negligence, fraud, or willful misconduct of Operator, Operator expressly disclaims liability for loss or damage resulting from SHIPPER's actions or breach of this Agreement, events of Force Majeure, any defects in computer software, hardware, or programming, or any interruption in or malfunction of electronic communication or transmission. SHIPPER agrees to defend, indemnify and hold harmless Operator, its affiliates and their respective officers, directors, employees and agents, from and against all claims, demands, damages, losses, costs and expenses (including court costs and reasonable attorney's fees) and liabilities of any nature whatsoever (collectively referred to herein as "Liabilities") arising out of any breach of this Agreement by SHIPPER or its authorized persons, or the use of the Interactive Internet Website or the information contained therein by SHIPPER, so long as such Liabilities are not the direct result of the negligence, fraud, or willful misconduct of Operator. The parties hereto agree that neither party shall be liable to the other party, or its corporate parent, subsidiaries or affiliates for any special, indirect or consequential damages (including, without limitation, loss of profits or business interruptions) incurred by said party arising out of or in any manner related to this Agreement, the provision and use of the Interactive Internet Website, or the information contained therein.
9. SHIPPER understands and agrees that Operator may act, and shall be fully protected in acting, in reliance upon any acts or things done or performed by persons utilizing SHIPPER's USERIDs and passwords on behalf of SHIPPER (so long as Operator is not aware of a security breach), and that Operator shall be held harmless from any omission or failure by SHIPPER to act or perform any duty required by a function accessed through the Interactive Internet Website.
10. A USERID that is inactive for ninety (90) days shall be automatically suspended. If SHIPPER's USERID is suspended SHIPPER may contact Operator's Gas Pipeline Department to have its USERID reinstated.
11. Operator reserves the right to invalidate SHIPPER's USERIDs and passwords at any time in the event SHIPPER breaches any of the terms of this Agreement and such breach, in Operator's sole judgment, threatens the security or integrity of the system and SHIPPER fails to cure the breach within twenty four (24) hours of notification from Operator. If Operator terminates the Interactive Internet Website system pursuant to the following paragraph, Operator shall invalidate SHIPPER's USERIDs and passwords effective on the date of the termination of Interactive Internet Website.
12. Operator reserves the right to modify or terminate the Interactive Internet Website at anytime so long as such modification or termination is not prohibited by the regulations of the Federal Energy Regulatory Commission.

13. Subject to the provisions of Paragraph 12 herein, this Agreement shall be in effect as of the date written above and shall continue unless and until canceled by either party on ten (10) days' written notice given to the other party prior to the end of any calendar month to be effective at the end of such month.
14. To the extent SHIPPER utilizes the Internet Web Site to transmit and receive system notices under the General Terms and Conditions of the FERC Gas Tariff of Operator, then provision of the General Terms and Conditions shall be deemed to be satisfied and notice on the Internet Web Site shall constitute valid notice between the parties.
15. THE PROVISIONS OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.
16. SHIPPER acknowledges and agrees that (a) Operator is a Delaware limited liability company; (b) SHIPPER shall have no recourse against any member of Operator with respect to Operator's obligations under this Agreement and its sole recourse shall be against the assets of Operator, irrespective of any failure to comply with applicable law or any provision of this Agreement; (c) no claim shall be made against any member of Operator under or in connection with this Agreement; (d) SHIPPER shall have no right of subrogation to any claim of Operator for any Capital Contribution from any member of Operator; and (e) this representation is made expressly for the benefit of the members in Operator.

Please indicate your agreement with the above by signing below and returning one completely executed copy to Operator.

Yours very truly,

Destin Pipeline Company, L.L.C.

By: _____

Its: _____

SHIPPER: _____

By: _____

Title: _____

Accepted and Agreed this _____ day of _____, _____

EXHIBIT "A" AGENCY AGREEMENT

Destin Pipeline Company, L.L.C. (Operator) and _____ hereinafter (SHIPPER) are parties to a letter agreement dated _____ (hereinafter Interactive Internet Website Agreement) which sets forth the terms and conditions for SHIPPER's use of Operator's Interactive Internet Website computer system to receive transportation service information. This agency agreement (Agency Agreement) shall constitute an agreement pursuant to which SHIPPER appoints an agent and representative under the Interactive Internet Website Agreement for the purposes set forth below.

Accordingly, SHIPPER hereby appoints _____ (hereinafter Agent) as its agent and representative to act on behalf of SHIPPER in performing the menu functions indicated by the SHIPPER on the Interactive Internet Website Access Request Form, including those functions which shall become available at a later date. Agent agrees to be bound by the terms and conditions set forth in the Interactive Internet Website Agreement.

It is understood and agreed that Operator may act, and may be fully protected when acting, in reliance on any acts or things done or performed by Agent on behalf of SHIPPER and with respect to all matters for which authority is granted herein until Operator receives notice that this Agency Agreement has been canceled by either party hereto. SHIPPER shall hold Operator harmless from any omission or failure by Agent to act or perform any of the duties herein authorized.

Please indicate agreement with the above by signing below. This Agency Agreement shall be effective as of the last date written below.

SHIPPER: _____

By: _____

Title: _____

Date: _____

Agent: _____

By: _____

Title: _____

Date: _____

INTERACTIVE INTERNET WEBSITE ACCESS REQUEST FORM

Interactive Internet Website SHIPPER
(Complete Legal Name)

Mailing
Address: _____ City: _____ State: _____

Zip: _____
Authorized Employee's Full Name: _____ Phone No.: _____ Fax
No.: _____

Indicate Update Capabilities for this Authorized Employee:

- _____ Execute Contracts, Amendments and Accept Discounts
- _____ Make Imbalance Elections/Trades
- _____ Request New Service, Amendments and Discounts
- _____ Submit Capacity Release Offers, Bids, Recall and Reput
- _____ Submit Confirmations, PDAs, Storage Transfers
- _____ Submit Nominations and Storage Transfers
- _____ View only access to Interactive Internet Website screens, e-mail, web page and reports
for Customer will be available to Customer's authorized employees

Signed by SHIPPER's authorized
employee: _____ Date: _____

Approved by: _____

Title: _____

Date: _____

FOR GAS PIPELINE DEPARTMENT USE ONLY

Approved by: _____

Date: _____

DUNS No.: _____ E-Mail ID _____

User ID: _____

Security approved by: _____

Date: _____

NON-CONFORMING SERVICE AGREEMENTS

The following service agreements contain one or more currently effective provisions that differ materially from the Forms of Service Agreements contained in this Tariff.

Name of Shipper/Agreement No.	Rate Schedule	Agreement/ Amendment Date	Date Filed
1. Mobil Oil Exploration and Producing Southeast Inc. (No. 2DPC20)	FT-2	12/1/99	11/5/99
2. W&T Offshore, Inc (No. 2DPC19)	FT-2	8/1/03	11/5/99
3. U.S. Minerals Management Service	IT	4/1/07	3/27/07
4. U.S. Minerals Management Service	Pooling	4/1/07	3/27/07
5. U.S. Minerals Management Service	IT	11/1/07	9/28/07

CONFIRMATION OF AGREEMENT TO TRADE IMBALANCES ON DESTIN PIPELINE COMPANY, L.L.C.

This trade is for the production month of: _____

Confirming Shipper Name:
Contact Name:
Contact Phone Number:
Contact Fax Number:

Trading Partner Company Name:
Contact Name:
Contact Phone Number:
Contact Fax Number:

Volume Traded: Contract: _____ Volume (-/+) _____ **Dth.**
Contract: _____ Volume (-/+) _____ **Dth.**
Contract: _____ Volume (-/+) _____ **Dth.**
Contract: _____ Volume (-/+) _____ **Dth.**

I hereby certify as a shipper confirming and agreeing to this trade, that I have taken all steps necessary to effect the trade with the other party. I also indemnify and hold Destin Pipeline Company, L.L.C. harmless from and against any claims that either shipper may have against the other arising out of or as a result of the trade.

Company Name: _____

Authorized by: _____

Please complete and return to:

Destin Pipeline Company, L.L.C.
Gary Baxley
4502 E 41st St. Suite 300
Tulsa, OK 74021

Or complete and fax to:

Destin Pipeline Company, L.L.C.
Gary Baxley
918-660-4393

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