

FERC GAS TARIFF
ORIGINAL VOLUME No. 1
OF
DISCOVERY GAS TRANSMISSION LLC
FILED WITH
FEDERAL ENERGY REGULATORY COMMISSION

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Sheet Nos. 2 through 9 are reserved for future use.

PRELIMINARY STATEMENT

Discovery Gas Transmission LLC (Discovery) is a Limited Liability Company, organized under the laws of the State of Delaware, engaged in the business of transporting Natural Gas and Condensates in interstate commerce under authorization granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission. Discovery owns and operates an offshore Natural Gas transmission pipeline located in the Federal Domain, Offshore Louisiana, with a terminus onshore in the vicinity of Larose, Louisiana.

The Transportation of Natural Gas is and will be undertaken by Discovery only under written agreement(s) acceptable to Discovery upon consideration of existing commitments, operating conditions and any other factors deemed pertinent by Discovery.

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SYSTEM MAP

This sheet to be replaced by System Map.

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Sheet Nos. 12 through 19 are reserved for future use.

STATEMENT OF TRANSPORTATION RATES
 (Rates per Dt)

Rate Schedule	Maximum Rate	Minimum Rate
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FT-1 Rate Schedule: 4/

FT-1 (Mainline)

Monthly Reservation Rate	\$5.2590	\$0.24333
Daily Reservation Rate 1/	\$0.1729	\$0.00800

FT-1 (Market Expansion)

Monthly Reservation Rate	\$3.3945	\$0.24333
Daily Reservation Rate 1/	\$0.1116	\$0.00800

FT-2 Rate Schedule: 4/

FT-2 (Mainline)

Usage Rate	\$0.1729	\$0.00800
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FT-2 (Market Expansion)

Usage Rate	\$0.1116	\$0.00800
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IT Rate Schedule: 4/

IT (Mainline)

Usage Rate	\$0.1729	\$0.00800
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IT (Market Expansion)

Usage Rate	\$0.1116	\$0.00800
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Gathering Charge applied to volumes transported through Gathering Facilities 4/	\$0.0430	\$0.00200
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Fuel, Lost and Unaccounted for Gas	0.0% of Gas Receipts
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Additional Surcharges Applicable to All Mainline Transportation Service:

Annual Charge Adjustment (ACA) Surcharge 2/	\$0.0019
Hurricane Mitigation & Reliability Enhancement (HMRE) Surcharge	\$0.0374
Market Outlet (MO) Surcharge 3/	\$0.0100

FOOTNOTES

- 1/ Section 154.107(f) of the Commission's Regulations requires a total rate. For this purpose only, a Daily Reservation Charge which equals the Monthly Reservation Charge divided by 30.4167 (365 days/12 months) is reflected.
- For capacity release transactions at maximum rate, the Monthly Reservation Charge is divided by the number of Days in the applicable Month. For less than maximum rate transactions only, converting Daily rate to Monthly rate is accomplished by multiplying the Daily rate times number of Days in rate period, dividing the result by number of Months in rate period and taking the remainder out to 5 decimal places and rounding up or down to the fourth decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in rate period; dividing the result by number of Days in rate period and taking the remainder out to 5 decimal places and rounding up or down to the fourth decimal place.
- 2/ For the period during which this ACA Surcharge is effective, it is Transporter's intent not to seek recovery of any annual charges assessed pursuant to Part 382 of the Commission's Regulations and Commission Order No. 472, except as permitted under this ACA Surcharge. This ACA Surcharge is in addition to any amounts otherwise payable to Transporter under its Rate Schedules.
- 3/ Commencing on April 1, 2008, the MO Surcharge shall be assessed and paid through a volumetric surcharge applicable to any Mainline transportation service provided to a Shipper charged a discount or negotiated rate pursuant to this FERC Gas Tariff under a Service Agreement executed on or before December 31, 2007, but not to any Shipper that receives transportation service through both the Mainline Facilities and the Expansion Facilities under a Service Agreement pursuant to Rate Schedule FT-2 executed on or before December 31, 2005. In no event shall the sum of a discount rate and the MO Surcharge exceed the otherwise applicable maximum tariff rate. The MO Surcharge shall expire on April 1, 2013.

FOOTNOTES

4/ Pursuant to "Order Approving Settlement and Severing Party", issued by the Commission on February 5, 2008, in Docket No. RP08-70, ExxonMobil Gas & Power Marketing Company, A Division Of Exxon Mobil Corporation will be offered service up to the following maximum rates (in addition to the ACA Surcharge or any charge for Fuel, Lost and Unaccounted for Gas):

<u>Rate Schedule</u>	<u>Maximum Rate</u>
FT-1 (Mainline)	
Monthly Reservation Rate	\$4.77240
Daily Reservation Rate (see Footnote 1)/	\$0.15690
FT-1 (Market Expansion)	
Monthly Reservation Rate	\$2.48200
Daily Reservation Rate (see Footnote 1)/	\$0.08160
FT-2 (Mainline)	
Usage Rate	\$0.15690
FT-2 (Market Expansion)	
Usage Rate	\$0.08160
IT (Mainline)	
Usage Rate	\$0.15690
IT (Market Expansion)	
Usage Rate	\$0.08160
Gathering Charge applied to volumes transported Through Gathering Facilities	\$0.03900

Elements of
 Negotiated Rate Transactions

Shipper Name	Applicable Rate Schedule	Negotiated Rate	Term of Agreement	Contracted Capacity Dt/d	Primary Delivery Point	Primary Receipt Point
National Energy & Trade, LP	FT-1	\$/Dt ^{4,13}	10-01-08 to Monthly Evergreen ¹⁴	100,000	Transco Texas Eastern Bridgeline Larose Gulf South	Tennessee Old Lady Lake (Meter #23026) Larose
Energy Partners, Ltd. ⁵	IT	\$0.12/Dt	05-10-07 to 06-09-07 ²	N/A	All	ST 46 Larose
Texas Eastern Transmission, LP ¹	FT-1	\$0.01/Dt	04-01-07 to 09-30-07 ⁷	N/A	TETCO Larose	TETCO (MTR#07009)
Mariner Energy, Inc ⁵	FT-2	\$0.126/Dt	04-10-07 to End of Lease ⁶	1,712	TETCO Bridgeline Larose Gulf South	ST308
Chevron USA Inc ⁵	FT-1	\$/Dt ⁸	09-01-07 to 12-31-10	100,000	Bridgeline Larose	Tennessee Old Lady Lake (Meter #23026)
Minerals Management Service ¹	FT-1 ⁹	\$0.13/Dt ^{11,12}	11-01-07 to 10-31-08 ¹⁰	35,000	TETCO Bridgeline LaRose Gulf South	All ³

¹ If a cash-out refund is due and payable to Shipper during any year pursuant to Transporter's FERC Gas Tariff, Shipper will be deemed to have immediately assigned its right to the refund amount to the Transporter.

² Month to month evergreen until terminated by either party with 30 days' prior written notice.

³ Any gas received at TETCO Mtr 07009 and redelivered to the TETCO delivery point will be transported at Discovery's minimum IT rate which is currently \$0.008/Dt.

⁴ The negotiated rate is a usage rate. Transporter shall have the right to terminate the negotiated rate on one-day's notice if Shipper fails to transport at least 66% of its MDQ on average during each calendar quarter. For any refund due and payable to Shipper for any period pursuant to Transporter's FERC Gas Tariff, Shipper shall be deemed to have immediately assigned its right to the refund amount to the Transporter.

⁵ For any refund due and payable to Shipper for any period pursuant to Transporter's FERC Gas Tariff, Shipper shall be deemed to have immediately assigned its right to the refund amount to the Transporter.

⁶ Effective for the life of the lease on G22759- South Timbalier 288.

⁷ Year to year evergreen until terminated by either party with 3 months' prior written notice.

⁸ This is a usage rate equal to the applicable maximum daily reservation rates. No reservation rate will apply. All other applicable rates and charges required or permitted by the FERC are unaffected by this negotiated rate.

⁹ Amendment to existing non-conforming service agreement, effective 11-01-07.

¹⁰ Year to year evergreen until terminated by either party with 30 days' prior written notice.

¹¹ The negotiated rate is a usage rate.

¹² In the event the Commission directs Transporter to redesign its rates prior to, or during the effective period of this Negotiated Rate, or requires the collections of costs or charges through the Negotiated Rate that are not now a component of such rate, the parties agree to renegotiate the Negotiated Rate to take into account such actions. Such renegotiated rate shall reflect the economic positions of the parties.

¹³ The Negotiated Rates are:

Rates	Period	Receipt Point	Delivery Point
\$0.10/Dt	April 01- Oct 31	Tennessee	Transco
\$0.14/Dt	Nov 01- Mar 31	Tennessee	Transco
\$0.03/Dt	Agreement term	Tennessee	Gulf South
\$0.05/Dt	Agreement term	Tennessee	All other
\$0.09/Dt	Nov 01- Mar 31	Larose	Transco
\$0.05/Dt	April 01- Oct 31	Larose	Transco

¹⁴ Month to month evergreen until terminated by either party with 10 days' prior written notice.

Note: Pursuant to Section 12.2 of the General Terms and Conditions, the Right of First Refusal provision does not apply to any transportation agreements for firm service listed above.

List of
Non-Conforming Agreements

The Mineral Management Services Rate Schedule FT-1 Agreement,
dated as of November 1, 2006, as amended November 1, 2007.

Chevron U.S.A. Inc, Rate Schedule FT-2 Reserve Dedication Agreement, dated as
of July 21, 2005.

Shell Gulf of Mexico Inc., Rate Schedule FT-2 Reserve Dedication Agreement,
dated as of July 21, 2005.

Statoil Gulf of Mexico LLC, Rate Schedule FT-2 Reserve Dedication Agreement,
dated as of July 21, 2005.

Sheet Nos. 24 through 29 are reserved for future use.

FT-1 RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This FT-1 Rate Schedule is available to any Shipper for Firm Transportation of Gas by Discovery Gas Transmission LLC (Transporter) under the authority and provisions of Part 284 of the Federal Energy Regulatory Commission's (Commission) regulations, provided that:

- a. Transporter determines that it has sufficient System Capacity to render the Firm Transportation service and is able to provide said Transportation;
- b. Any construction, acquisition, or expansion of facilities necessary to commence and provide the Firm Transportation service has been completed;
- c. Any Shipper requesting Firm Transportation service under Section 311 of the Natural Gas Policy Act (NGPA) has provided written certification, including sufficient information to verify that the requested service qualifies under Section 311 of the NGPA, and certifications have been received from the qualifying local distribution companies or intrastate pipelines in accordance with Section 4 of the General Terms and Conditions;
- d. Shipper satisfies the creditworthiness criteria of Section 10 of the General Terms and Conditions; and
- e. Shipper executes the FT-1 Firm Service Agreement in the form contained in this FERC Gas Tariff for service under this Rate Schedule within ten (10) Business Days after it is provided to Shipper.

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2. APPLICABILITY AND CHARACTER OF SERVICE

- a. Transportation service hereunder, through all or any portion of the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, will be Firm, subject to the availability of capacity, to the provisions of an Effective FT-1 Firm Service Agreement, and to the General Terms and Conditions.
- b. Transportation service hereunder will consist of the acceptance by Transporter of Gas tendered for the account of Shipper for Transportation from the Primary Receipt Point(s) specified in an Effective FT-1 Firm Service Agreement, or Alternate Receipt Point(s) as nominated by Shipper, the Transportation of that Gas through the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, and the delivery of that Gas, after appropriate reductions for Fuel, Lost and Unaccounted for Gas, for the account of Shipper at the Primary Delivery Point(s) specified in an Effective FT-1 Firm Service Agreement or Alternate Delivery Point(s) on the Mainline Facilities or Expansion Facilities as nominated by Shipper.
- c. Transportation service provided under this Rate Schedule is limited to Shipper's MDRQ-Mainline and MDRQ-Expansion and to the MDQs for each Primary Receipt and Delivery Point specified in an Effective FT-1 Firm Service Agreement, and Transporter shall not be obligated to provide Transportation service hereunder in excess of the MDRQ-Mainline and MDRQ-Expansion and the MDQs so specified.

3. RATES AND CHARGES

The applicable charges for Transportation services provided under this FT-1 Rate Schedule are set forth in the currently effective Sheet No. 20 of this FERC Gas Tariff or in Exhibit D to the FT-1 Service Agreement, in the case of Negotiated Rates. For all Transportation service rendered under this Rate Schedule, Shipper shall pay Transporter each Month the sum of the reservation charge, ACA, HMRE and MO surcharges, and any other charges authorized under the provisions of this FERC Gas Tariff, as follows:

a. Reservation Charge - The sum of:

i. An amount determined as the product of:

A. The Shipper's MDRQ-Mainline specified in Exhibit B of an Effective FT-1 Service Agreement; and

B. The reservation rate(s) per Dt for FT-1 (Mainline) set forth from time to time on the currently effective Sheet No.20 of this FERC Gas Tariff, Original Volume 1, or superseding tariff plus

ii. An amount determined as the product of:

A. The Shippers MDRQ-Expansion specified in Exhibit B of an Effective FT-1 Service Agreement; and

B. The reservation rate(s) per Dt for FT-1 (Expansion) set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume 1, or superseding tariff.

b. ACA, HMRE and MO Surcharges - An amount determined as the product of:

i. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous Month; and

ii. The ACA, HMRE and MO surcharges per Dt set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.

- c. Gathering Charge - If Shipper designates a Receipt Point(s) identified as a Gathering Receipt Point on Exhibit A to the FT-1 Service Agreement, then, in addition to the charges above, Shipper shall pay an amount determined as the product of:
 - i. The Shipper's MDRQ-Mainline and/or MDRQ-Expansion specified in Exhibit B of an Effective FT-1 Service Agreement; and
 - ii. The Gathering charge per Dt set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.
- d. Any charges authorized from time to time under the provisions of this FERC Gas Tariff.

Transporter may at any time and from time to time charge any Shipper for service under this Rate Schedule, a reservation charge predicated upon a reservation rate that is less than the maximum reservation rate set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff; provided, that the reservation rate may not be less than the effective minimum reservation rate.

Transporter shall file any and all reports required by the Commission's regulations setting forth the applicable discounted reservation rates and Shippers affected, along with any other required information.

4. FUEL, LOST AND UNACCOUNTED FOR GAS

In addition to the charges stated herein, each Shipper under this Rate Schedule will be assessed its proportionate share of Fuel, Lost and Unaccounted for Gas resulting from System operations. Each Shipper's deliveries from the System will be reduced by the Fuel, Lost and Unaccounted for Gas retention rate, as shown on the Statement of Transportation Rates Sheet No. 20, based upon its total receipts into Transporter's System. Transporter will calculate the actual amount of Fuel, Lost and Unaccounted for Gas experienced during each calendar Year and file any revisions to the reduction percentage to more closely approximate the actual amount of Fuel, Lost and Unaccounted for Gas experienced by the System and to reflect differences between projections and actual fuel and losses from the previous calendar Year. The revised percentage of reduction will be filed to become effective on July 1 of each Year.

5. APPLICABILITY OF GENERAL TERMS AND CONDITIONS

Unless otherwise expressly indicated in this Rate Schedule or in an Effective FT-1 Firm Service Agreement, all of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to Firm Transportation service rendered under this Rate Schedule and, by this reference, are incorporated and hereby made a part of this Rate Schedule.

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Sheet Nos. 35 through 39 are reserved for future use.

FT-2 RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This FT-2 Rate Schedule is available to any Shipper for Firm Transportation by Discovery Gas Transmission LLC (Transporter) of Gas produced from Committed Production under the authority and provisions of Part 284 of the Federal Energy Regulatory Commission's (Commission) regulations, provided that:

- a. Transporter determines that it has sufficient System Capacity to render the Firm Transportation service and is able to provide said Transportation;
- b. Any construction, acquisition, or expansion of facilities necessary to commence and provide the Firm Transportation service has been completed;
- c. Any Shipper requesting Firm Transportation service under Section 311 of the Natural Gas Policy Act (NGPA) has provided written certification, including sufficient information to verify that the requested service qualifies under Section 311 of the NGPA, and certifications have been received from the qualifying local distribution companies or intrastate pipelines in accordance with Section 4 of the General Terms and Conditions;
- d. Shipper satisfies the creditworthiness criteria of Section 10 of the General Terms and Conditions;
- e. Shipper executes the FT-2 Firm Service Agreement in the form contained in this FERC Gas Tariff for service under this Rate Schedule within ten (10) Business Days after it is provided to Shipper; and

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- f. Shipper or its affiliate has committed the Committed Production to Transporter for Transportation under this Rate Schedule and satisfactorily submits documentation establishing P-50 reserves of the Committed Production within eighteen (18) Months after committing the Committed Production. Shipper's MDVQ-Mainline and MDVQ-Expansion established in accordance with Subsection 2.a. of this FT-2 Rate Schedule for service, based on Shipper's good faith estimate before the Committed Production is documented, will not be increased as a result of such documentation unless firm capacity is available at that time.
- g. A Shipper with an Effective FT-2 Service Agreement may request an increase of its MDVQ-Mainline or MDVQ-Expansion if the estimated or proven amount of its Committed Production increases as the result of documentation, or drilling additional wells or acquiring additional Gas production rights in the blocks, lands and leases dedicated to Transporter and described in Shipper's Effective FT-2 Service Agreement. Shipper must submit a written request for an increase of its MDVQ-Mainline or MDVQ-Expansion in accordance with Section 4 of Transporter's FERC Gas Tariff, and capacity will be awarded in accordance with Section 2 of Transporter's FERC Gas Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

- a. Transportation under this Rate Schedule is limited to Committed Production as described in Shipper's Effective FT-2 Service Agreement and is further limited to the MDVQ-Mainline or MDVQ-Expansion, as defined in this Subsection 2.a.

Shipper's MDVQ-Mainline and MDVQ-Expansion for Transportation service provided before Shipper satisfactorily documents the Committed Production will be an amount equal to Shipper's good faith estimate of the Committed Production divided by two thousand nine hundred and twenty (2920). This amount will be prorated, based on the number of Days the FT-2 service is in effect prior to the recalculation date, which will be January 1 of each Year. Thereafter, the MDVQ-Mainline and MDVQ-Expansion will be determined by subtracting the quantities of Gas shipped during the previous Contract Year from the Committed Production

and dividing the result by two thousand nine hundred and twenty (2920).

- b. Transportation service hereunder, through all or any portion of the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, will be Firm, subject to the availability of capacity, to the provisions of an Effective FT-2 Firm Service Agreement, and to the General Terms and Conditions.
- c. Transportation service hereunder will consist of the acceptance by Transporter of Gas tendered for the account of Shipper for Transportation from the Primary Receipt Point(s) specified in an Effective FT-2 Firm Service Agreement, the Transportation of that Gas through the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, and the delivery of that Gas, after appropriate reductions for Fuel, Lost and Unaccounted for Gas, for the account of Shipper at the Primary Delivery Point(s) specified in an Effective FT-2 Firm Service Agreement or Alternate Delivery Point(s) on the Mainline Facilities or Expansion Facilities, as appropriate, as nominated by Shipper.
- d. Transporter shall not be obligated to provide Transportation service hereunder in excess of the MDVQ-Mainline and MDVQ-Expansion, as determined for each Contract Year in accordance with Subsection 2.a.
- e. Shipper shall submit documentation to Transporter in accordance with Subsection 1.f. of this FT-2 Rate Schedule, proving the P-50 reserves of the Committed Production. If, in Transporter's reasonable judgment, the documentation submitted by Shipper fails to establish the P-50 reserves of the Committed Production, Transporter and Shipper will review the data underlying the documentation and attempt to reach agreement. If Transporter and Shipper are unable to reach such agreement, Transporter and Shipper will agree upon a qualified third-party expert whose good faith determination shall establish the P-50 reserves of the Committed Production and shall be binding upon Transporter and Shipper. Transporter and Shipper will share equally the costs of the qualified third-party expert agreed to by Transporter and Shipper.
- f. If, after the commencement of production from Committed Production, Shipper fails to ship at least fifty per cent (50%) of its MDVQ-Mainline or MDVQ-Expansion during any consecutive twelve (12) Month period, Transporter shall have the right to reduce Shipper's MDVQ-Mainline or MDVQ-Expansion for the following Contract Year; provided, however, on a not unduly discriminatory basis, Transporter and Shipper may agree in Shipper's FT-2 Service

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Agreement that Transporter will not exercise its right to reduce Shipper's MDVQ-Mainline or MDVQ-Expansion.

The reduced MDVQ-Mainline or MDVQ-Expansion will be one hundred fifty per cent (150%) of the Gas shipped through the Mainline Facilities or the Expansion Facilities, respectively, during said twelve (12) Month period. Shipper will have the opportunity to retain Firm service under Shipper's FT-1 Rate Schedule equal to the reduction under Transporter's right of first refusal procedures, as set forth in Section 12 of the General Terms and Conditions.

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The reduced MDVQ-Mainline or MDVQ-Expansion will be one hundred fifty per cent (150%) of the Gas shipped through the Mainline Facilities or the Expansion Facilities, respectively, during said twelve (12) Month period. Shipper will have the opportunity to retain Firm service under Shipper's FT-1 Rate Schedule equal to the reduction under Transporter's right of first refusal procedures, as set forth in Section 12 of the General Terms and Conditions.

3. RATES AND CHARGES

The applicable charges for Transportation services provided under this FT-2 Rate Schedule are set forth in the currently effective Sheet No. 20 of this FERC Gas Tariff or in Exhibit E to the FT-2 Service Agreement, in the case of Negotiated Rates. For all Transportation service rendered under this Rate Schedule, Shipper shall pay Transporter each Month the sum of the Usage charge, the ACA, HMRE and MO surcharges, and any other charges authorized under the provisions of this FERC Gas Tariff, as follows:

a. Usage Charge - The sum of:

i. An amount determined as the product of:

- A. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous Month for service through the Mainline Facilities; and
- B. The usage rate(s) per Dt for FT-2 (Mainline) set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff; plus

ii. An amount determined as the product of:

- A. The total quantity of Gas in Dts delivered by Transporter for the account of Shipper during the previous Month for service through the Expansion Facilities; and
- B. The usage rate(s) per Dt for FT-2 (Market Expansion) set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.

- b. ACA, HMRE and MO Surcharges - An amount determined as the product of:
 - i. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous Month; and
 - ii. The ACA, HMRE and MO surcharges per Dt set forth on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.
- c. Gathering Charge - If Shipper designates a Receipt Point(s) identified as a Gathering Receipt Point on Exhibit A to the FT-2 Service Agreement, then, in addition to the charges above, Shipper shall pay an amount determined as the product of:
 - i. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous Month; and
 - ii. The Gathering Charge per Dt set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.
- d. Any charges authorized from time to time under the provisions of this FERC Gas Tariff.

Transporter may at any time and from time to time charge any Shipper for service under this Rate Schedule, a usage charge predicated on a usage rate that is less than the maximum usage rate set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff; provided, that the usage rate may not be less than the effective minimum usage rate.

Transporter shall file any and all reports required by the Commission's regulations setting forth the applicable discounted usage rates and Shippers affected, along with any other required information.

4. FUEL, LOST AND UNACCOUNTED FOR GAS

In addition to the charges stated herein, each Shipper under this Rate Schedule will be assessed its proportionate share of Fuel, Lost and Unaccounted for Gas resulting from System operations. Each Shipper's deliveries from the System will be reduced by the Fuel, Lost and Unaccounted for Gas retention rate, as shown on the Statement of Transportation Rates Sheet No. 20, based upon its total receipts into the System. Transporter will calculate the actual amount of Fuel, Lost and Unaccounted for Gas experienced during each calendar Year and file any revisions to the reduction percentage to more closely approximate the actual amount of Fuel, Lost and Unaccounted for Gas experienced by the System and to reflect differences between projections and actual fuel and losses from the previous calendar Year. The revised percentage of reduction will be filed to become effective on July 1 of each Year.

5. APPLICATION OF GENERAL TERMS AND CONDITIONS

Unless otherwise expressly indicated in this Rate Schedule or in an Effective FT-2 Firm Service Agreement, all of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to Firm Transportation service rendered under this Rate Schedule and, by this reference, are incorporated and hereby made a part of this Rate Schedule.

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Sheet Nos. 46 through 49 are reserved for future use.

IT RATE SCHEDULE
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This IT Rate Schedule is available to any Shipper for Interruptible Transportation of Gas by Discovery Gas Transmission LLC (Transporter) under the authority and provisions of Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations, provided that:

- a. Transporter determines that it has available System Capacity to render the Interruptible Transportation service and is able to provide said Transportation;
- b. Any construction, acquisition, or expansion of facilities necessary to commence and provide the Interruptible Transportation service has been completed;
- c. Any Shipper requesting Interruptible Transportation service under Section 311 of the Natural Gas Policy Act (NGPA) has provided written certification, including sufficient information to verify that the requested service qualifies under Section 311 of the NGPA, and certifications have been received from the qualifying local distribution companies or intrastate pipelines in accordance with Section 4 of the General Terms and Conditions;
- d. Shipper satisfies the creditworthiness criteria of Section 10 of the General Terms and Conditions; and
- e. Shipper executes an IT Service Agreement in the form contained in this FERC Gas Tariff for service under this Rate Schedule within ten (10) Business Days after it is provided to Shipper.

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2. APPLICABILITY AND CHARACTER OF SERVICE

- a. Transportation service hereunder, through all or any portion of Transporter's System, will be Interruptible, subject to the availability of capacity and Transporter's operating conditions and System requirements, to the provisions of an Effective IT Service Agreement and to the General Terms and Conditions.
- b. Transportation service hereunder shall consist of the acceptance by Transporter of Gas tendered for the account of Shipper for Transportation from the Receipt Point(s) specified in an Effective IT Service Agreement, the Transportation of that Gas through the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, and the delivery of that Gas, after appropriate reductions for Fuel, Lost and Unaccounted for Gas, for the account of Shipper at the Delivery Point(s) specified in an Effective IT Service Agreement.
- c. Transportation service provided under this Rate Schedule is limited to Shipper's MDTQ-Mainline and MDTQ-Expansion specified in an Effective IT Service Agreement and Transporter shall not be obligated to provide Transportation service hereunder in excess of the MDTQ-Mainline or MDTQ-Expansion so specified.
- d. Transportation service under this IT Rate Schedule is subject to interruption on any Day if Transporter receives nominations for Transportation service in excess of Transporter's Available Capacity. In such event, FT-1 and FT-2 service will be scheduled first, followed by IT service, in the manner set forth in Section 6 of the General Terms and Conditions.

3. RATES AND CHARGES

The applicable charges for Transportation services provided under this IT Rate Schedule are set forth in the currently effective Sheet No. 20 of this FERC Gas Tariff or in Exhibit D to the IT Service Agreement, in the case of Negotiated Rates. For all Transportation service rendered under this Rate Schedule, Shipper shall pay Transporter each Month the sum of the usage charge, ACA, HMRE and MO surcharges and any other charges, authorized under the provisions of this FERC Gas Tariff, as follows:

- a. Usage Charge - The sum of:
 - i. An amount determined as the product of:
 - A. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous Month for service through the Mainline Facilities; and
 - B. The usage rate per Dt for IT (Mainline) set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff; plus
 - ii. An amount determined as the product of:
 - A. The total quantity of Gas in Dts delivered by Transporter for the account of Shipper during the previous Month for service through the Expansion Facilities; and
 - B. The usage rate per Dt for IT (Market Expansion) set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.
- b. ACA, HMRE and MO Surcharges - An amount determined as the product of:
 - i. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous Month; and
 - ii. The ACA, HMRE and MO surcharges per Dt set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.

- c. Gathering Charge - If Shipper designates a Receipt Point(s) identified as a Gathering Receipt Point on Exhibit A to the IT Service Agreement, then, in addition to the charges above, Shipper shall pay an amount determined as the product of:
 - i. The total quantity of Gas in Dts received by Transporter for the account of Shipper during the previous month; and
 - ii. The Gathering Charge set forth on the currently effective Tariff Sheet No. 20 of this FERC Gas Tariff, Original Volume No. 1, or superseding tariff.
- d. Any charges authorized from time to time under the provisions of this FERC Gas Tariff.

Transporter may from time to time and at any time charge any Shipper for service under this Rate Schedule, a usage charge predicated upon a usage rate that is less than the effective maximum usage rate set forth from time to time on the currently effective Sheet No. 20 of this FERC Gas Tariff; provided, that the usage rate may not be less than the effective minimum usage rate.

Transporter will file any and all reports as required by the Commission's regulations setting forth the applicable discounted usage rates and Shippers affected, along with any other required information.

4. FUEL, LOST AND UNACCOUNTED FOR GAS

In addition to the charges stated herein, each Shipper under this Rate Schedule will be assessed its proportionate share of Fuel, Lost and Unaccounted for Gas resulting from System operations. Each Shipper's deliveries from the System will be reduced by the Fuel, Lost and Unaccounted for Gas retention rate, as shown on the Statement of Transportation Rates Sheet No. 20, based upon its total receipts into the System. Transporter will calculate the actual amount of Fuel, Lost and Unaccounted for Gas experienced during each calendar Year and file any revisions to the reduction percentage to more closely approximate the actual amount of Fuel, Lost and Unaccounted for Gas experienced by the System and to reflect any differences between projections and actual fuel and losses for the previous calendar Year. The revised percentage of reduction will be filed to become effective on July 1 of each Year.

5. APPLICABILITY OF GENERAL TERMS AND CONDITIONS

Unless otherwise expressly indicated in this Rate Schedule or in an Effective IT Service Agreement, all of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to Interruptible Transportation service rendered under this Rate Schedule and, by this reference, are incorporated and hereby made a part of this Rate Schedule.

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194

Sheet Nos. 55 through 99 are reserved for future use.

GENERAL TERMS AND CONDITIONS

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Sheet No. 102 is reserved for future use.

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

- 1.1 ALTERNATE DELIVERY POINT(S) - All Delivery Points on the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System that are not designated as Primary Delivery Points in an Effective Firm Service Agreement where quantities of Gas may be delivered by Transporter for the account of Shipper, under an Effective Firm Service Agreement, as nominated by Shipper.
- 1.2 ALTERNATE RECEIPT POINT(S) - All Receipt Points on the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System that are not designated as Primary Receipt Points in an Effective FT-1 Firm Service Agreement where quantities of Gas may be received by Transporter for the account of Shipper, under an Effective FT-1 Firm Service Agreement, as nominated by Shipper.
- 1.3 AVAILABLE CAPACITY - The capacity in the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System that is not subscribed or scheduled for service under the terms of Transporter's Rate Schedules.
- 1.4 BTU - A British Thermal Unit; equal to the quantity of heat required to raise the temperature of one (1) pound avoirdupois of pure water from fifty-eight and five-tenths degrees Fahrenheit (58.5°F) to fifty-nine and five-tenths degrees Fahrenheit (59.5°F) at a constant pressure of fourteen and seventy-three hundredths pounds per square inch (14.73 PSIA). The standard Btu is the International Btu, which is also called the Btu(IT). MMBtu shall mean one million (1,000,000) Btus.
- 1.5 BUSINESS DAY - Monday through Friday, excluding Federal Banking Holidays.
- 1.6 CENTRAL CLOCK TIME - Time in U.S. Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. As used herein, Central Time means Central Clock Time.

- 1.7 COMMISSION - The Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers that are exercisable by the Federal Energy Regulatory Commission.
- 1.8 COMMITTED PRODUCTION - Shipper's working interest share of all Gas production that is now or hereafter owned by Shipper, its successors and permitted assigns in the Gas production from the blocks, lands, and leases described in a Shipper's Effective FT-2 Service Agreement.
- 1.9 CONDENSATE - Those hydrocarbon liquids at Receipt Point pressure and temperature produced in association with Natural Gas and transported through the System; provided, however, that such term does not include crude oil.
- 1.10 CONTRACT YEAR - A Year that commences on the first Day of the term of an Effective Service Agreement and ends on the same calendar date of the next succeeding Year, unless otherwise provided in an Effective Service Agreement.
- 1.11 DAY - A period of consecutive hours beginning and ending at 9:00 a.m. Central Clock Time. The date of a day is that of its beginning.
- 1.12 DEKATHERM (Dt) - The standard unit for purposes of nominations, scheduling, invoicing and balancing. One Dekatherm is equivalent to one MMBtu.
- 1.13 DELIVERY POINT(S) - Any point(s) on Transporter's System where quantities of Gas may be delivered by Transporter for the account of Shipper under an Effective Service Agreement.

Issued by: L. Roberson, Vice President

Issued on: June 25, 1998

Effective on: August 1, 1998

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM96-1-007, issued April 16, 1998, 83 FERC ¶ 61,029

- 1.14 EFFECTIVE AGREEMENT - An agreement that has been signed by Shipper or Operator and Transporter and has not terminated under the provisions of the agreement or through the exercise of any rights under this FERC Gas Tariff.
- 1.15 EXPANSION FACILITIES - Facilities of Transporter certificated by the FERC in FERC Docket No. CP03-342-000, et al. including but not limited to pipelines and delivery points to Columbia Gulf Transmission Company, Tennessee Gas Pipeline Company, and Transcontinental Gas Pipe Line Company.
- 1.16 EQUIVALENT QUANTITIES - An amount equal to the sum of the quantities of Gas, expressed in Dts, received by Transporter from Shipper at the Receipt Points during a given Month, reduced by Fuel, Lost and Unaccounted for Gas.
- 1.17 FIRM SERVICE - A service that is not subject to interruption except as otherwise provided in the applicable Rate Schedule, the applicable Transportation Service Agreement, or the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 1.18 FUEL, LOST AND UNACCOUNTED FOR GAS - The difference between the sum of all volumes received into the System during an accounting period and the sum of all volumes delivered from the System during the same period (including but not limited to Gas used for fuel by or for the benefit of Transporter, such as for compressor operation, Gas vented, leakage or other actual losses; discrepancies due to meter inaccuracies, variations of temperature, pressure, composition, and other variants; and reductions as a result of retrograde condensation).
- 1.19 GAS OR NATURAL GAS - Hydrocarbon natural gas in a gaseous state, including oil well gas produced with crude oil, gas from gas wells, and residue gas from processing either oil well gas or gas well gas, or both.
- 1.20 GATHERING - The receipt and transportation by Transporter of Gas through any of the following of Transporter's facilities: (i) the 20-inch lateral extending from the main trunk eastward to Grand Isle South Addition Block 115; (ii) the 18-inch lateral extending from the main trunk westward to South Timbalier Block 200; (iii) the 12-inch lateral extending from the main trunk westward to South Timbalier 37; and (iv) the 12-inch lateral extending from the main trunk westward to South Timbalier 308.

- 1.21 GROSS HEATING VALUE - The number of Btus produced by the complete combustion in air, at a constant pressure, of the amount of Gas that would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60F), if saturated with water vapor and under pressure equivalent to that of thirty (30) inches of mercury at thirty-two degrees Fahrenheit (32F), and under standard gravitational force with air of the same temperature and pressure as the Gas when the products of combustion are cooled to the initial temperature of the Gas and air and when the water formed by combustion is condensed to the liquid state. The gross heating value of the Gas thus obtained will be expressed on the measurement basis set forth in this FERC Gas Tariff (14.73 PSIA) and will be adjusted from a saturated basis to the actual water content of the Gas actually delivered, provided, however, that if the Gas as delivered contains seven (7) pounds of water or less per million (1,000,000) cubic feet, such Gas will be deemed to be dry.
- 1.22 INTEREST RATE - The interest rate determined by the Commission in accordance with Section 154.501(d) (1) of the Commission's regulations.
- 1.23 INTERRUPTIBLE SERVICE - A service that is subject to interruption when and to the extent Transporter determines that capacity is not available in its existing System, and as provided in the IT Rate Schedule, the IT Service Agreement, or the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 1.24 INTRADAY NOMINATION - An intraday nomination is 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. An Intraday Nomination will span one Day only.
- 1.25 MAINLINE FACILITIES - Facilities of Transporter existing prior to the date that service through the Expansion Facilities commenced, including without limitation Transporter's 30-inch offshore mainline to the Larose Processing Plant, 4 associated gathering laterals, the 20-inch pipeline to Texas Eastern Transmission, LP and the 30-inch pipeline to Bridgeline Gas Distribution LLC.
- 1.26 MAXIMUM DAILY QUANTITY (MDQ) - The maximum daily quantity of Gas Transporter will receive or deliver at each Receipt or Delivery Point in accordance with the terms of an Effective Service Agreement.
- 1.27 MAXIMUM DAILY RESERVATION QUANTITY-EXPANSION (MDRQ-Expansion) - The maximum quantity of Gas Transporter is obligated to receive through the Expansion Facilities for the account of Shipper, as stated in an Effective FT-1 Firm Service Agreement between Shipper and Transporter.

- 1.28 MAXIMUM DAILY RESERVATION QUANTITY-MAINLINE (MDRQ-Mainline)- The maximum quantity of Gas Transporter is obligated to receive through the Mainline Facilities for the account of Shipper, as stated in an Effective FT-1 Firm Service Agreement between Shipper and Transporter.
- 1.29 MAXIMUM DAILY TRANSPORTATION QUANTITY-EXPANSION (MDTQ-Expansion) - The maximum quantity of Gas Transporter may receive through the Expansion Facilities for the account of Shipper, as stated in an Effective IT Service Agreement between Shipper and Transporter.
- 1.30 MAXIMUM DAILY TRANSPORTATION QUANTITY-MAINLINE (MDTQ-Mainline) - The maximum quantity of Gas Transporter may receive through the Mainline Facilities for the account of Shipper, as stated in an Effective IT Service Agreement between Shipper and Transporter.
- 1.31 MAXIMUM DAILY VOLUMETRIC QUANTITY-EXPANSION (MDVQ-Expansion) - The maximum quantity of Gas Transporter is obligated to receive through the Expansion Facilities for the account of Shipper, as stated in an Effective FT-2 Service Agreement between Shipper and Transporter.
- 1.32 MAXIMUM DAILY VOLUMETRIC QUANTITY-MAINLINE (MDVQ-Mainline) - The maximum quantity of Gas Transporter is obligated to receive through the Mainline Facilities for the account of Shipper, as stated in an Effective FT-2 Service Agreement between Shipper and Transporter.
- 1.33 MCF - 1,000 standard cubic feet of Natural Gas.
- 1.34 MMCF - 1,000,000 standard cubic feet of Natural Gas.
- 1.35 MONTH - The period beginning on the first Day of a calendar Month and ending on the first Day of the succeeding calendar Month.
- 1.36 NAESB - North American Energy Standards Board
- 1.37 NAESB Standards - Any and all such standards issued by NAESB and adopted by the Commission.

- 1.38 NEGOTIATED RATE - Any rate, rate formula, or rate design negotiated by Transporter and a Shipper that may be less than, equal to, or more than the maximum, Commission-approved tariff rate for such service, but not less than the minimum rate, and for which there is a recourse rate on file. The negotiated rate, rate, design, or rate formula will be stated in an exhibit to Shipper's service agreement.
- 1.39 OPERATIONAL BALANCING AGREEMENT (OBA) - A contract between two parties which specifies the procedures to manage operating variances at an interconnect.
- 1.40 OPERATOR - Any individual, firm, or corporation, or its agent, assignee, or legal representative, who operates Gas production, processing or upstream or downstream pipeline facilities that are directly connected to Transporter's System, and who is responsible for the confirmation, scheduling, receipt or delivery, and the allocation of Gas through such interconnecting facility.
- 1.41 PREDETERMINED ALLOCATION - The distribution of quantities of Gas measured at Receipt Point(s) and/or Delivery Point(s) among Shipper(s) based on a methodology agreed to by the Operator(s) and Transporter prior to the commencement of Gas flow.

- 1.42 PREPAYMENT - With respect to requests for capacity or service, "Prepayment" means that amount of money that must be submitted by a Shipper along with a request for Transportation service or capacity. Such amount will be credited to Shipper's invoice for services provided by Transporter, or forfeited by Shipper if it fails to enter into a Service Agreement with Transporter in accordance with the terms of Transporter's FERC Gas Tariff. With respect to creditworthiness, "Prepayment" means the advance payment for Transportation services rendered by Transporter.
- 1.43 PRIMARY DELIVERY POINT(S) - The Delivery Points on the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System where quantities of Gas may be delivered by Transporter for the account of Shipper, as described in an Effective Firm Service Agreement between Shipper and Transporter.
- 1.44 PRIMARY PATH - Shipper's reserved right to capacity between a Primary Receipt Point and a Primary Delivery Point as such points are defined in an Effective Firm Transportation Agreement up to the lesser of the MDQ at the Primary Receipt Point or the MDQ at the Primary Delivery Point.
- 1.45 PRIMARY RECEIPT POINT(S) - The Receipt Points on the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System where quantities of Gas may be received by Transporter for the account of Shipper, as described in an Effective Firm Service Agreement between Shipper and Transporter.
- 1.46 PRO RATA SHARE - The ratio of a Firm Shipper's entitlements under an Effective Firm Service Agreement to the entitlements of all Firm Shippers; and the ratio of an Interruptible Shipper's nominations to all Interruptible nominations with the same priority.

- 1.47 PSIA - Pounds per square inch absolute.
- 1.48 PSIG - Pounds per square inch gauge.
- 1.49 RATE SCHEDULE - The terms and conditions applicable to a specific service offered by Transporter.
- 1.50 RECEIPT POINT(S) - Any point(s) on Transporter's System where quantities of Gas may be received by Transporter for the account of Shipper under an Effective Service Agreement.
- 1.51 RELEASED CAPACITY - Capacity reserved under the terms of an Effective FT-1 Service Agreement that a Releasing Shipper or Secondary Releasing Shipper seeks to permanently or temporarily release to a Replacement Shipper.
- 1.52 RELEASING SHIPPER - A Shipper who releases all or part of its rights to capacity reserved under the terms of an Effective FT-1 Service Agreement on a permanent or temporary basis.
- 1.53 REPLACEMENT SHIPPER - A Shipper who acquires all or part of the rights to capacity held by a Releasing Shipper under the terms of an Effective FT-1 Service Agreement on a permanent or temporary basis.
- 1.54 SCHEDULED QUANTITY - The quantity of Natural Gas a Shipper nominates for receipt by Transporter at a Receipt Point and for redelivery by Transporter for Shipper at a Delivery Point, and that the Operator of the connecting facility confirms, and that Transporter schedules for Transportation between the Receipt Point and the Delivery Point.
- 1.55 SECONDARY RELEASING SHIPPER - A Replacement Shipper who releases all or part of its right to capacity acquired from a Releasing Shipper.

- 1.56 SERVICE AGREEMENT - The document that sets forth the agreement of Transporter and a Shipper with respect to a particular service, substantially in the form included in Transporter's FERC Gas Tariff.
- 1.57 SHIPPER - Any individual, firm, corporation, agent, assignee, or legal representative so designated to deliver Gas to Transporter for Transportation and to receive the Gas from Transporter after it has been transported under the terms of an Effective Service Agreement.
- 1.58 STANDARD CUBIC FOOT (SCF) - The quantity of Natural Gas necessary to fill a cubic foot of space at a temperature of 60 degrees Fahrenheit (60F) and at a pressure of 14.73 PSIA.
- 1.59 SYSTEM - The pipeline system and appurtenances thereto that are owned, leased, or operated in whole or in part by Transporter, including any facilities added thereto, for the Transportation of Gas.
- 1.60 SYSTEM CAPACITY - The quantitative ability of Transporter's existing System to provide immediate maximum Gas Transportation service on the Mainline Facilities or Expansion Facilities, as appropriate. The ability of Transporter's System to provide maximum Gas Transportation service may be limited by changes in prevailing operating pressures, temperatures, Gas flow rates and Gas flow directions within any portion(s) of Transporter's System, including any Receipt Point(s) or Delivery Point(s); physical capacity limitations of regulators, valves, pipelines or pipeline segments, measuring facilities or appurtenances to Transporter's System; and necessary testing, maintenance, repair, overhaul, alteration, modification, replacement, enlargement, or construction of pipelines, metering, regulating, and other transmission facilities and equipment appurtenant to Transporter's System.

- 1.61 TRANSPORTATION - Forward haul, exchange, backhaul, displacement, or other methods of transportation.
- 1.62 TRANSPORTER - Discovery Gas Transmission LLC.
- 1.63 YEAR - A period of three hundred sixty-five (365) consecutive Days; provided, however, that any such year containing the date of February 29 will consist of three hundred sixty-six (366) consecutive Days.

2. OPERATING PROVISIONS FOR FIRM SERVICE

2.1 AVAILABILITY OF FIRM SERVICE - Firm service under this FERC Gas Tariff will be provided when, and to the extent that, Transporter determines capacity is available in the Mainline Facilities or Expansion Facilities, as appropriate, in its existing System that is not subject to a superior claim by another Shipper and it is operationally feasible. If operating conditions ever limit Transporter's ability to provide Firm service, service will be provided on the basis described in Section 6 of the General Terms and Conditions.

2.2 EXISTING, UNCOMMITTED CAPACITY - Existing, uncommitted Firm capacity will be posted on Transporter's Internet web site (web site). Requests for posted capacity must be made by providing Transporter the specific information in, and in the form prescribed by, Section 4 of the General Terms and Conditions. Each request must be accompanied by a Prepayment of Ten Thousand Dollars (\$10,000), and will be considered incomplete unless the Prepayment is included. Transporter will evaluate all complete requests in the order received and will notify Shipper in writing of the acceptance of a complete request. Transporter shall not be required to accept a request for Firm service at a rate that is less than its currently effective maximum rate. Request for Service forms will be supplied to any potential Shipper upon request, and are available at Transporter's offices during normal business hours, or electronically on the web site by following the procedures of Section 17 of the General Terms and Conditions.

2.3 NEW CAPACITY - In the event new capacity becomes available due to the construction or acquisition of facilities or the expansion of existing facilities, pursuant to authorization under Section 7 of the Natural Gas Act and the Commission's regulations, Transporter shall hold an open season with a minimum duration of ten (10) calendar Days during which potential Shippers may submit requests for Firm service in accordance with the provisions of the open season notice. Each request for Firm service must be made by submitting a completed Request for Service form and a Prepayment in the amount of Ten Thousand Dollars (\$10,000). Request for Service forms will be supplied to any potential Shipper upon request, and are available at Transporter's offices during normal business hours, or electronically on the Internet web site (web site) by following the procedures of Section 17 of the General Terms and Conditions.

If at the end of the open season there is insufficient capacity to fill all valid requests, then each valid request will be assigned a value determined by multiplying the rate, not to exceed the maximum rate, the term, and the quantity requested. Requests for a term of more than one (1) Month that vary in rate or term will be assigned a total present value based on the Commission's current Interest Rate. If requests for service providing the same value exceed the Available Capacity, then the Available Capacity will be prorated among those requests. Shippers that stipulated in their requests that they would not accept less than the amount requested will not be included in the pro rata allocation. Transporter shall not be required to consider requests for service or award capacity if the rate stipulated in a request for service is less than Transporter's maximum rate.

- 2.4 PRIORITY OF SERVICE - The Firm Transportation of Gas at Receipt and Delivery Points will have the following priority for service under an Effective Firm Service Agreement:
- a. Receipt Point Priority - The receipt of Gas from Primary and Alternate Receipt Points will be on a Firm basis except as provided in Sections 6 and 21 of the General Terms and Conditions. The receipt of Gas from Alternate Receipt Points will be subordinate to the receipt of Gas from Primary Receipt Points and superior to the receipt of Gas for Interruptible Transportation service.
 - b. Delivery Point Priority - The delivery of Gas to Primary and Alternate Delivery Points will be on a Firm basis except as provided in Sections 6 and 21 of the General Terms and Conditions. The delivery of Gas to Alternate Delivery Points will be subordinate to the delivery of Gas to Primary Delivery Points and superior to the delivery of Gas for Interruptible Transportation service.
- 2.5 RECEIPT AND DELIVERY POINT DESIGNATIONS - Each Receipt Point and each Delivery Point specified in an Effective Firm Service Agreement will be designated Primary Receipt Points and Primary Delivery Points for Firm Transportation service. Each Shipper's MDRQ-Mainline and MDRQ-Expansion or MDVQ-Mainline and MDVQ-Expansion must be allocated among the Primary Receipt Points and Primary Delivery Points such that the MDRQ-Mainline and MDRQ-Expansion or the MDVQ-Mainline and MDVQ-Expansion equals both the sum of the MDQs for Primary Receipt Points and the sum of the MDQs for Primary Delivery Points. A Shipper may amend its FT-1 Service Agreement to add, delete, or modify Primary Receipt or Delivery Point MDQs, or its FT-2 Service Agreement to add, delete, or modify Primary Delivery Point MDQs, provided Firm capacity is available. In such event, the MDQs must be reallocated as necessary so that the sum of the MDQs for Primary Receipt Points and the sum of the MDQs for Primary Delivery Points in the amended Firm Service Agreement do not exceed the MDRQ-Mainline and MDRQ-Expansion or the MDVQ-Mainline and MDVQ-Expansion. Transporter reserves the right to limit the number of such amendments per Service Agreement to five (5) per Month in order to avoid administrative burdens.

2.6 MODIFICATION OF PRIMARY RECEIPT POINTS - A Shipper with an Effective FT-1 Service Agreement may change its Primary Receipt Point on a temporary basis by designating any downstream Receipt Point within its Primary Path as its Primary Receipt Point for up to ninety (90) Days without losing its right to return to its permanent Primary Receipt Point. Use of such point is subject to availability and all other terms of Shipper's Effective FT-1 Service Agreement, the FT-1 Rate Schedule, and Transporter's General Terms and Conditions. The availability of capacity at Shipper's permanent Primary Receipt Point will be subject to such right. Any other Shipper that wishes to use that point will be informed that another Shipper has the right to return to the Receipt Point.

2.7 ALTERNATE POINTS - All System points on the Mainline Facilities or Expansion Facilities, as appropriate, where capacity exists in excess of capacity allocated to provide Primary Receipt Point or Primary Delivery Point Firm Transportation service will be available to FT-1 Shippers as Alternate Receipt or Delivery Points. All System points on the Mainline Facilities or Expansion Facilities, as appropriate, where capacity exists in excess of capacity allocated to provide Primary Delivery Point Firm Transportation service will be available to FT-2 Shippers as Alternate Delivery Points. Alternate Delivery Point(s), at which Transporter may deliver Gas for the account of Shipper, shall include all Delivery Points located on the Mainline Facilities or the Expansion Facilities, as the case may be, subject to the availability of firm capacity to such Delivery Points and Shipper's MDVQ-Mainline or MDVQ-Expansion, respectively.

Any discounted reservation rate for Firm Transportation service between Primary Receipt and Delivery Points will not automatically transfer to service using Alternate Receipt or Delivery Points, unless Transporter directs Shipper to use an Alternate point for operational reasons pursuant to Subsection 7.2 of the General Terms and Conditions.

- 2.8 REQUEST INVALIDATION - Requests for service submitted by potential Shippers after the initial in-service date of Transporter's System will be deemed invalid if service is requested to commence more than ninety (90) Days after a request for service is submitted, unless new or additional facilities are required to provide the service. If new or additional facilities are required to provide the service, requests for service using said facilities may not specify a service commencement date more than thirty (30) Days after the in-service date of the new facilities.
- 2.9 REQUESTS FOR OPERATING DATA - Upon request by Transporter, Shipper shall submit estimates of daily, monthly and annual quantities of Gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each Primary Receipt Point and Primary Delivery Point. Transporter will use such information and operating data to determine its System's Available Capacity, to evaluate potential System Capacity needs, to plan its maintenance and repair operations, and to assure adequate service to its Shippers.
- 2.10 ADDITIONAL FACILITIES - Transporter shall not be required to construct additional facilities, modify or expand facilities, or acquire facilities to provide Firm Transportation service.
- 2.11 FUTURE EMERGENCY SERVICE - If, within five years from the date of a Rate Schedule FT-2 Service Agreement between Transporter and a Shipper (the "Funding Shipper") that reimburses Transporter for the costs of the facilities installed during 2005 following Hurricane Katrina to create additional capacity by reversing flow on the Expansion Facilities to receive gas from the delivery point at Tennessee Gas Pipeline Company, Transporter decides (in its sole discretion) to use the same facilities during a future emergency, the Funding Shipper shall have a higher priority in the allocation of such capacity but only to the extent that all other aspects of the Funding Shipper's bid for the capacity are equal to the competing bids as measured pursuant to Transporter's FERC Gas Tariff.

3. OPERATING PROVISIONS FOR INTERRUPTIBLE SERVICE

3.1 AVAILABILITY OF INTERRUPTIBLE SERVICE - Interruptible service under this FERC Gas Tariff will be provided when, and to the extent that, Transporter determines capacity is available in its existing System that is not subject to a superior claim by another Shipper or another class of service. Available Interruptible capacity will be allocated by Transporter in accordance with Subsection 3.2.

3.2 PRIORITY OF SERVICE - Interruptible Transportation services will be subordinate to Firm Transportation services provided by Transporter. Transporter will allocate available Interruptible capacity on a daily basis to Shippers nominating service under the IT Rate Schedule on the basis of rate. Capacity at each rate level will be allocated on a pro rata basis.

3.3 SHIPPER REQUESTS FOR INTERRUPTIBLE SERVICE - Requests for Interruptible service hereunder must be made by providing the specific information in, and in the form prescribed by, Section 4 of the General Terms and Conditions. Request for Service forms will be supplied to any potential Shipper upon request, and are available at Transporter's offices during normal business hours or electronically on Transporter's Internet web site (web site) by following the procedures in Section 17 of the General Terms and Conditions.

3.4 REQUESTS FOR OPERATING DATA - Upon request of Transporter, Shipper shall submit estimates of daily, monthly and annual quantities of Gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each Receipt Point and Delivery Point. Transporter will use such information and operating data to determine its System's Available Capacity, to evaluate potential System Capacity needs, to plan its maintenance and repair operations, and to assure adequate service to its Shippers.

Issued by: L. Roberson, Vice President

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- 3.5 RECEIPT AND DELIVERY POINTS - Each Receipt Point and each Delivery Point on Transporter's System is available for Interruptible Transportation service, subject to the prior allocation of capacity at such points to Firm Transportation services, up to the MDTQ-Mainline and MDTQ-Expansion set forth in a Shipper's Effective IT Service Agreement with Transporter.
- 3.6 INTERRUPTION OF SERVICE - Transporter retains all rights at any and all times during the term of an Effective IT Service Agreement to decrease or temporarily suspend receipt and/or delivery of Gas if the capacity is required for a higher priority service or Shipper. If Transporter exercises such right, Shipper shall hold Transporter harmless from any loss, claim, damage or expense that such Shipper or other party may incur by reason of such decrease or suspension.
- 3.7 FAILURE TO USE SERVICE - If Shipper fails to nominate service within twelve (12) Months after the execution of an IT Service Agreement or during any consecutive twelve (12) Month period, Transporter may terminate the IT Service Agreement on thirty (30) Days prior written notice.
- 3.8 ADDITIONAL FACILITIES - Transporter shall not be required to construct, modify, expand, or acquire facilities to provide Interruptible Transportation service.
- 3.9 LIMITATION - Transporter reserves the right to limit each Shipper to one (1) IT Service Agreement.

4. REQUESTS FOR SERVICE

- 4.1 REQUEST FOR SERVICE FORM - Each Shipper requesting Firm or Interruptible Transportation service hereunder shall provide the information specified in the Request for Service form, the form of which is included in this FERC Gas Tariff in the "Forms" section. Each request must be accompanied by a Prepayment of Ten Thousand Dollars (\$10,000).
- 4.2 INCOMPLETE SERVICE FORMS - Request for Service forms received by Transporter that do not include the Prepayment required by Subsection 4.1., or do not contain all the requested information, including credit information sufficient to demonstrate that a Shipper will be able to meet its financial obligations under the requested Service Agreement, will be considered incomplete. Transporter will notify Shipper of any deficiencies and Shipper's request for service will not be considered until all of the required information is provided to Transporter. The request for service will be deemed invalid if Shipper fails to provide the required information within ten (10) Business Days after notification by Transporter that the request is incomplete.

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5. NOMINATION PROCEDURES

5.1 REQUIRED INFORMATION - For each Day on which Shipper desires Transportation service under any Service Agreement, Shipper shall submit to Transporter the daily quantity of Gas, expressed in Dts, that it has available for Transportation at each Receipt Point and the quantity of Gas Shipper desires to have delivered at each Delivery Point. Shipper's Receipt Point nominations, minus Lost and Unaccounted for Gas, must equal its Delivery Point nominations on each Day. Shipper may submit either a written or an electronic nomination in the format set forth in the NAESB Standards. Once submitted, nominations, except for Intraday Nominations, will remain in effect for the specified period of time unless a prospective written or electronic nomination change is received from Shipper. Each Shipper nomination must include the information required by the NAESB Standards.

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. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

5.2 NOMINATION DEADLINES -

- a. The Timely Nomination Cycle - The standard nominations timeline is as follows: 11:30 a.m. for nominations leaving control of the nominating party; 11:45 a.m. for receipt of nominations by Transporter (including from Title Transfer Tracking Service Providers (TTTSPs)); noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by Shipper and point Operator (Central Clock Time on the Day prior to flow).

- b. Intraday Nominations - A Shipper may submit and Transporter will accept Intraday nominations, provided: (i) such nominations are within Shipper's total MDRQ-Mainline, MDRQ-Expansion, MDVQ-Mainline and MDVQ-Expansion or MDTQ-Mainline and MDTQ-Expansion and (ii) such nominations can be confirmed. Intraday Nominations may be used to start service, to request increases or decreases in nominated quantities, to nominate new supply or market, or to reflect changes in the specified Receipt and Delivery Points.

Intraday Nominations will be effective only for a single Gas Day, and, therefore, will not remain in effect for prospective Days. To the extent a Shipper submits an Intraday Nomination (including nominations received after the standard nomination deadline) which specifies an effective term of longer than one Gas Day, Transporter will make the nomination effective only for the first Gas Day of the specified effective period.

Intraday Nominations may be submitted to Transporter at any time, and will be scheduled in accordance with Section 6.3 of this FERC Gas Tariff. Except as provided in iii. below, Intraday Nominations for firm transportation services will be given priority over scheduled and flowing interruptible transportation services.

Intraday Nominations will be scheduled in one of three "Cycles" and will be processed according to the following timelines:

- i. The Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Transporter (including from TTTSPs); 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and point Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Clock Time on the Day prior to flow).

Scheduled quantities resulting from an Evening Nomination that does not cause another Shipper to receive notice that it is being bumped should be effective at 9:00 a.m. on the Gas Day; and when an Evening Nomination causes another Shipper to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on the Gas Day.

- ii. The Intraday 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by Transporter (including from TTTSPs); 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and point Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (Central Clock Time on Gas Day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on the Gas Day.

- iii. The Intraday 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by Transporter (including from TTTSPs); 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and point Operators (Central Clock Time on the Gas Day).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on the Gas Day. Bumping is not allowed during the Intraday 2 Nomination Cycle.

- iv. For purposes of Section 5.2 b(i), b(ii), and b(iii) of the FERC Gas Tariff, "provide" shall mean, for transmittals pursuant to standards 1.4.x (NAESB standards relating to nomination datasets), receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- c. Quick Response - Transporter will send a Quick Response, as defined by NAESB, to Shipper for each nomination received. Such Quick Response will serve only as notification of the receipt and validation of nomination information in accordance with NAESB Standards, but will not indicate whether the nomination will be confirmed or scheduled pursuant to Subsections 6.2 and 6.3 of this FERC Gas Tariff.

For standard nominations, the Quick Response will be sent to the nominating party by 12:00 p.m. Central Clock Time on the Day the nomination is received. For Intraday Nominations, the Quick Response will be sent according to the following schedule: Batch 1 Nomination Cycle - 6:30 p.m. Central Clock Time on the Day prior to flow; Batch 2 Nomination Cycle - 10:30 a.m. Central Clock Time on the Gas Day; Batch 3 Nomination Cycle - 5:30 p.m. Central Clock Time on the Gas Day.

- d. Notification to Bumped Shippers - Transporter will notify individual Shippers of bumped quantities by telephone or facsimile in accordance with the timelines for Batch 1 and Batch 2 Nomination Cycles.
- e. Waiver of Penalties - To the extent that a Shipper is bumped as a result of an Intraday nomination by a Shipper with a higher priority of service, Transporter will waive any applicable penalties incurred by Shipper solely as a result of the Intraday bump, and only for the Day on which Shipper is bumped.

- 5.3 REQUIRED NOMINATION CHANGES - Transporter may require revised nominations or prospective nomination changes by Shipper if the daily flows under a particular Service Agreement differ from confirmed nominations, or if an imbalance has occurred due to operational reasons. When a Shipper receives notice requiring a revised nomination or prospective nomination change, Shipper shall submit a nomination in accordance with Subsection 5.1 and with the revisions specified by Transporter. Shipper shall be responsible for informing its upstream and downstream parties of the changes.
- 5.4 DELEGATION OF NOMINATION AUTHORITY TO AGENT - A Shipper may delegate to any third party the responsibility for submitting nominations and receiving confirmations or performing other administrative duties under any Effective Agreement, subject to the following conditions:
- a. Any designation of a third party as agent, or any change in such designation, must be provided in writing to Transporter at least two (2) Business Days prior to the requested effective date of the designation.
 - b. The written designation must specify any limits on the authority of the Agent, including any time limit for the designation. Transporter may reject any Shipper's request to delegate responsibilities if the limitations on the designation would impose undue administrative burdens on Transporter.
 - c. Transporter will rely on communications from a Shipper's agent for all nomination purposes except to the extent the designation is expressly limited. Communications by Transporter to such Agent will be deemed notice to Shipper.

d. Any third party may administer multiple Service Agreements as the agent for one or more Shippers, but the agent must make nominations and otherwise administer and account separately for each Service Agreement.

5.5 SHIPPER PRIORITIZATION OF NOMINATED QUANTITIES - If Shipper elects to nominate quantities of Gas to be received by Transporter from one or more upstream parties at one or more Receipt Points for delivery by Transporter to one or more downstream parties at one or more Delivery Points for the account of Shipper, Shipper shall provide the priority, method, and extent to which each nominated receipt quantity from a particular upstream party at a particular Receipt Point should be reduced in the event that any downstream Operator verifies and confirms deliveries that are less than the Shipper's nominated deliveries, or in the event that, due to Transporter's allocation of Available Capacity for Transportation services, all nominated receipts cannot be scheduled. Likewise, if Shipper elects to nominate quantities of Gas to be delivered by Transporter to one or more downstream parties at one or more Delivery Points for the account of Shipper, Shipper shall provide the priority, method, and extent to which each nominated delivery quantity to a particular downstream party at a particular Delivery Point should be reduced in the event that any upstream Operator verifies and confirms receipts that are less than the Shipper's nominated receipts, or in the event that, due to Transporter's allocation of Available Capacity for Transportation services, all nominated deliveries cannot be scheduled.

Shipper prioritization of nominated quantities must be consistent with the terms of this FERC Gas Tariff and such prioritization will be honored to the extent that Transporter reasonably determines such prioritization is operationally feasible and the conditions of Subsection 8.4 have been met.

6. SCHEDULING AND CURTAILMENT

6.1 ALLOCATION OF AVAILABLE CAPACITY - Each Day, upon consideration of prevailing operating conditions, scheduled or unscheduled maintenance or repairs, and similar conditions, Transporter will allocate Available Capacity in sequence on the basis of Receipt Point priorities, followed by mainline segment capacity priorities, and finally by Delivery Point priorities, in the following manner:

- a. Receipt Point capacity will be allocated to Firm Shippers who have designated the nominated Receipt Point on the Mainline Facilities or the Expansion Facilities, as appropriate, as a Primary Receipt Point in an Effective FT-1 or FT-2 Service Agreement, followed by allocation to Shippers who have nominated the Receipt Point on the Mainline Facilities or the Expansion Facilities, as appropriate, as an Alternate Receipt Point under an Effective FT-1 Service Agreement. Any remaining Receipt Point capacity on the Mainline Facilities or the Expansion Facilities, as appropriate, will be allocated to Interruptible Shippers on the basis of rate, with the Shipper paying the highest rate, up to the maximum rate, scheduled first. Shippers having the same level of priority as stated herein will be scheduled on a pro rata basis. In the case of a Negotiated Rate for Interruptible Service that exceeds the maximum, Commission-approved tariff rate, the Negotiated Rate will be deemed to equal the maximum rate for the purposes of this section. A Negotiated Rate that is less than the maximum rate will be considered in the same manner as recourse rates.

- b. Capacity on the Mainline Facilities and the Expansion Facilities, respectively, will be allocated in the following sequence, from highest priority to lowest priority: Primary Firm Receipt Points to Primary Firm Delivery Points, Primary Firm Receipt Points to Alternate Firm Delivery Points, Alternate Firm Receipt Points to Primary Firm Delivery Points, Alternate Firm Receipt Points to Alternate Firm Delivery Points, and Interruptible Receipt Points to Interruptible Delivery Points.
- c. Delivery Point capacity will be allocated first to Firm Shippers who have designated the nominated Delivery Point on the Mainline Facilities or the Expansion Facilities, as appropriate, as a Primary Delivery Point in an Effective FT-1 or FT-2 Service Agreement, followed by allocation to Shippers who have nominated the Delivery Point on the Mainline Facilities or the Expansion Facilities, as appropriate, as an Alternate Delivery Point.

Any remaining Delivery Point capacity on the Mainline Facilities or the Expansion Facilities will be allocated to Interruptible Shippers on the basis of rate, with the Interruptible Shipper paying the highest rate, up to the maximum rate, scheduled first. Shippers having the same level of priority as stated herein will be scheduled on a pro rata basis. In the case of a Negotiated Rate for Interruptible Service that exceeds the maximum, Commission-approved tariff rate, the Negotiated Rate will be deemed to equal the maximum rate for the purposes of this section. A Negotiated Rate that is less than the maximum rate will be considered in the same manner as recourse rates.

6.2 CONFIRMATION OF NOMINATED QUANTITIES - Nominations made in accordance with Section 5 of the General Terms and Conditions will not be effective until Transporter has confirmed the nominated receipts with upstream Operators and the nominated deliveries with downstream Operators. Shipper must advise Transporter of the appropriate contact persons for upstream and downstream Operators who have the authority to verify and confirm nominated Gas quantities. Prior to scheduling nominated quantities for Transportation service requested by Shippers, Transporter will contact the appropriate Operators at the designated Receipt and Delivery Points in order to confirm the nominated quantities. Transporter may reject, in whole or in part, any nominated quantities where the daily quantities of Gas Shipper desires to be transported, the upstream shipper name(s) and contract number(s), or the downstream shipper name(s) and contract number(s) fail to conform to the information provided by the designated Operators at the Receipt and Delivery Points. If all information conforms except for the daily quantities of Gas Shipper desires to have Transporter receive or deliver, Transporter will schedule and confirm the nomination at the lower of the daily quantities nominated by Shipper and the daily quantities the Operators can confirm for scheduling at the designated Receipt and Delivery Points. Transporter will provide notification of Shipper's confirmed Transportation quantities either by telephone, facsimile, or electronically. Shipper shall be responsible for informing its upstream and downstream parties of any differences between confirmed quantities and nominated quantities.

For Standard Nominations, Transporter will receive completed confirmation from upstream and downstream operators by 3:30 p.m. Central Clock Time on the Day prior to flow.

For Intraday Nominations, Transporter will receive completed confirmations from upstream and downstream operators according to the following schedule: Batch 1 Nomination Cycle - 9:00 p.m. Central Clock Time on the Day prior to flow; Batch 2 Nomination Cycle - 1:00 p.m. Central Clock Time on the Gas Day; Batch 3 Nomination Cycle - 8:00 p.m. Central Clock Time on the Gas Day.

- 6.3 SCHEDULING NOMINATED QUANTITIES - Promptly upon the close of the nomination deadline for each nomination cycle, Transporter will evaluate all timely nominations and the Available Capacity of its System. Transporter will schedule nominated quantities of Gas to the extent capacity is available in accordance with Subsection 6.1 and to the extent nominations can be confirmed in accordance with Subsection 6.2. Transporter shall not be required to schedule quantities of Gas at any Receipt or Delivery Point where the cumulative daily nominated quantities at such Receipt or Delivery Point are below the quantities required to meet the measurement standards as prescribed in API Manual of Petroleum Measurement Standards, Chapter 14, Section 3, Latest Edition. Transporter will first schedule nominated quantities under Firm Service Agreements followed by nominated quantities under Interruptible Service Agreements, in the following manner:
- a. Firm Transportation service from Primary Receipt Points to Primary Delivery Points;
 - b. Firm Transportation service from Primary Receipt Points to Alternate Delivery Points;
 - c. Firm Transportation service from Alternate Receipt Points downstream of the Primary Receipt Points to Primary Delivery Points;
 - d. Firm Transportation service from Alternate Receipt Points upstream of the Primary Receipt Points to Primary Delivery Points;
 - e. Firm Transportation service from Alternate Receipt Points downstream of the Primary Receipt Points to Alternate Delivery Points;
 - f. Firm Transportation service from Alternate Receipt Points upstream of the Primary Receipt Points to Alternate Delivery Points;
 - g. IT Transportation service from Receipt Points to Delivery Points on the basis of rate paid.

Following scheduling of confirmed standard nominations, Transporter will furnish a report to the Shipper and point operator for receipt by 4:30 p.m. Central Clock Time the Day before the effective date of the requested service showing the scheduled receipt and delivery quantities by contract number, Receipt Point and Delivery Point. Following scheduling of confirmed Intraday Nominations, Transporter will furnish a report to the Shipper and point operator showing the scheduled receipt and delivery quantities by contract number and receipt/delivery point according to the following schedule: Batch 1 Nomination Cycle - 10:00 p.m. Central Clock Time on the Day prior to flow; Batch 2 Nomination Cycle - 2:00 p.m. Central Clock Time on the Gas Day; Batch 3 Nomination Cycle - 9:00 p.m. Central Clock Time on the Gas Day. At the end of each Gas Day, Transporter will provide the final scheduled quantities for the just completed Gas Day. For written nominations, such communication may be made by facsimile or other acceptable means of electronic correspondence. For electronic nominations, Transporter will send a report in accordance with the NAESB standards.

- 6.4 CHANGES IN DAILY SCHEDULED QUANTITIES - After Shipper has submitted a standard nomination and Transporter has confirmed and scheduled the quantities of Gas to be transported, such quantities will remain scheduled until the ending date specified in the nomination unless:
- a. A prospective nomination is received from Shipper requesting a change in previously confirmed and scheduled quantities; or
 - b. A prospective nomination is required by Transporter in accordance with Subsection 5.3 of the General Terms and Conditions; or
 - c. Transportation service is curtailed or interrupted in order to provide service for a higher priority service or Shipper; or
 - d. The designated contact persons with upstream and downstream Operators who have the authority to verify and confirm nominated Gas quantities or require a reduction of the confirmed and scheduled quantities; or
 - e. Receipts or deliveries at a particular Receipt Point or Delivery Point are outside the established tolerance levels specified in an Effective OBA; or
 - f. Adjustments of receipts or deliveries at a particular Receipt Point or Delivery Point are required as specified in an OFO; or
 - g. Capacity used in providing service is inadequate as a result of a force majeure event, overbooking of capacity, or an operational limiting event.
 - h. Other reasons required or permitted under this FERC Gas Tariff.

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6.5 CURTAILMENT - If, at any time, Transporter determines, that because of operating or other conditions affecting its System the capacity of all or part of its System on the Mainline Facilities or Expansion Facilities, as appropriate, is insufficient to serve all Transportation quantities confirmed and scheduled on a Day, Transportation services will be curtailed on all or part of the System on the Mainline Facilities or Expansion Facilities, as appropriate, where capacity is insufficient as follows:

- a. IT Transportation service to Delivery Points from Receipt Points on the basis of rate paid, with the lowest rate curtailed first.
- b. Firm Transportation service.

In the case of a Negotiated Rate for Interruptible Service that exceeds the maximum, Commission-approved tariff rate, the Negotiated Rate will be deemed to equal the maximum rate for the purposes of this section. A Negotiated Rate that is less than the maximum rate will be considered in the same manner as recourse rates.

Pro rata curtailments of Gas quantities will be based on the ratio of each Shipper's confirmed and scheduled Transportation quantities to the total confirmed and scheduled quantities by all Shippers at the same priority multiplied by the amount of Available Capacity.

If capacity is limited on only part of Transporter's System, including any Delivery and/or Receipt Point(s), Transporter's curtailment orders pursuant to Subsection 6.8 will be limited to the Transportation services confirmed and scheduled for such part(s) of Transporter's System.

- 6.6 NOTICE OF CURTAILMENT - Transporter will post notices of curtailment on its web site, and, if necessary, notify all affected shippers as soon as practicable, and in a manner that is reasonable under existing conditions, that a period of curtailment exists. Such notice will set forth any limits on receipts or deliveries and the anticipated duration of such curtailment period. Upon notice of curtailment, Shipper shall adjust its receipts and/or deliveries of Gas as specified by Transporter within the time period specified by Transporter. Shipper compliance will be a change in Gas flow to the level specified by Transporter and will be evidenced by the confirmation of a flow rate change by an upstream or downstream Operator or the confirmation of the flow rate change by Transporter.
- 6.7 CURTAILMENT PENALTIES - Failure of any Shipper to adjust its receipts and/or deliveries within the time and in the manner specified by Transporter will result in the imposition of curtailment penalties. All Gas received or delivered for the account of Shipper after notification of a curtailment under Subsection 6.6 that deviates from the quantities set by Transporter in the notice of curtailment will be assessed a penalty of Twenty-Five Dollars (\$25.00) per Dt. The imposition of a curtailment penalty will not relieve Shipper of its obligations to resolve any imbalance created during a period of curtailment. Although a notice of curtailment must result in an immediate change in Gas flow, Transporter will not assess penalties unless notice of curtailment is given at least twelve (12) hours before the curtailment is required. Net penalty revenues will be applied to Transporter's Fuel, Lost and Unaccounted for Gas account.
- 6.8 EMERGENCY PROCEDURES - Variations in the curtailment procedures set forth in Subsection 6.5 may be permitted by Transporter when necessary to respond to emergency situations (including environmental emergencies) where supplemental deliveries are required to forestall injury to life or property.

7. OPERATIONAL FLOW ORDER (OFO)

7.1 APPLICABILITY - An Operational Flow Order (OFO) is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order will be referred to as an Operational Flow Order. Transporter will determine, in its reasonable judgment, the circumstances that will result in the issuance of an OFO.

Circumstances that may prompt an OFO cannot be quantified in advance because the need to issue an OFO will depend on quantities of Gas confirmed and scheduled, the point(s) where actual receipts or deliveries deviate from confirmed and scheduled quantities, whether an OBA governs the allocation at the point(s), and the relationship of these individual factors to general System operations on any given Day. Generally, an OFO may be issued if there is a significant decrease or increase in line pressure or if a curtailment order fails to reduce gas flow in the event there is insufficient capacity to handle all confirmed and scheduled nominations.

OFOs will identify the situation to be addressed and will identify specific actions to be taken by Shipper, stated in terms of an hourly Gas flow level, and the probable duration of an OFO. Transporter will provide periodic reports on Transporter's Internet Web Site (web site) as to any changes in the condition that prompted the OFO and probable duration of the OFO. OFOs affecting multiple Shippers on all or any portion of Transporter's System will be posted on the web site. The OFO will be posted within one (1) hour of its issuance and will be effective within four (4) hours of issuance. To the extent an OFO is only applicable to specific Shippers, Transporter may notify such Shippers by telephone or facsimile, but the OFO will be effective as to such Shippers when posted on Transporter's web site. Shipper must make a contact person available on a twenty-four (24) hour basis to receive OFO notices, and provide all necessary information to Transporter. Transporter will use reasonable efforts to give actual notice to that person, as time permits.

- 7.2 COMPLIANCE WITH OPERATIONAL FLOW ORDERS - OFOs issued to alleviate conditions that threaten the operational integrity of Transporter's System will require compliance within four (4) hours of issuance, or such other time specified in the OFO. Any Shipper receiving an OFO must undertake such of the following actions as are necessary to comply with such order:
- a. Commence or increase tenders of Gas into Transporter's System by a specified quantity at specified Receipt Points or shift tenders of Gas, in whole or in part, to different specified Receipt Points;
 - b. Cease or reduce tenders of Gas into Transporter's System by a specified quantity at specified Receipt Points;
 - c. Commence or increase takes of Gas from Transporter's System by a specified quantity at specified Delivery Points or shift takes of Gas, in whole or in part, from different Delivery Points;
 - d. Cease or reduce takes of Gas from Transporter's System by a specified quantity at specified Delivery Points.
- 7.3 PENALTIES - If Shipper is notified by Transporter of an OFO and fails to comply with such OFO during the effective period of the OFO, Shipper shall be subject to a penalty for quantities received and/or delivered in excess of the quantities specified by Transporter in such OFO. If Shipper complies by adjusting its tenders or takes within the time period specified in an OFO, Shipper shall not be subject to the penalty set forth in this Subsection 7.3. Shipper compliance will be a change in Gas flow to the level specified by Transporter and will be evidenced by the confirmation of a flow rate change from an upstream or downstream Operator or the confirmation of a flow rate change by Transporter. Transporter will use reasonable efforts to assist any Shipper in complying with an OFO.

Penalties for failure to comply with an OFO will be assessed according to the following schedule.

100% Compliance	\$ 0.00/dt
Less than 100% and Greater than 99%	\$ 10.00/dt
Less than 99% and Greater than 98%	\$ 20.00/dt
Less than 98%	\$ 50.00/dt

Transporter will refund or carry forward, for each calendar Year, any difference between the penalty revenues received by Transporter and the costs incurred by Transporter as a result of failures of Shippers to comply with OFOs. To the extent the difference between costs and revenues in respect of such OFO penalties during any calendar Year is less than Four Hundred Thousand Dollars (\$400,000), Transporter shall carry forward the difference to the next calendar Year. To the extent the difference is greater than Four Hundred Thousand Dollars (\$400,000), Transporter shall refund or invoice each System Shipper in proportion to such Shipper's use of the System during such calendar Year within one hundred twenty (120) Days after the end of the calendar Year. Any such difference, whether a positive or negative, shall include interest at the rate set forth in section 154.501 of the Commission's regulations.

- 7.4 IMMEDIATE OPERATIONAL FLOW ORDERS - If Transporter determines that operational circumstances exist such that the issuance of an OFO is imminent, but that corrective actions could mitigate such circumstances, Transporter will notify affected Shippers of a potential OFO. Transporter will postpone the issuance of an OFO, if feasible, and allow affected Shippers the opportunity to take corrective actions, provided the affected Shippers advise Transporter of their proposed corrective actions and Transporter agrees to such actions. Failure to implement corrective measures by such Shippers may ultimately result in the issuance of an OFO.
- 7.5 IMBALANCES RESULTING FROM OPERATIONAL FLOW ORDERS - To the extent any monthly imbalance or portion thereof is a direct result of Shipper's inability to balance receipts and deliveries during the Month due to the issuance of an OFO, Shipper will have until the end of the next calendar Month to reconcile that portion of the imbalance attributable to its compliance with the OFO. Any imbalance remaining at the end of the extended period will be subject to the imbalance resolution procedures set forth in Section 9 of this FERC Gas Tariff.
- 7.6 REPORTS FOLLOWING OFOS - In the event Transporter issues an OFO, it will file a report on the OFO within 60 days. The report will include a timeline of the actions taken to notify customers of the possibility of an OFO, the intermediate steps taken by the pipeline to avoid or reduce the impact of an OFO, the steps taken by the pipeline and shippers to end the OFO, and the end of the OFO. The report will include the amount of penalties that were assessed, if any, and the expenses incurred to avoid or correct the OFO conditions.

8. ALLOCATION OF MEASURED GAS QUANTITIES

8.1 ALLOCATION OF MEASURED RECEIPTS AND DELIVERIES - Promptly at the end of each Month, Transporter will allocate the daily quantity of Gas measured at each Receipt Point and each Delivery Point for the account of Shipper under each Service Agreement. To the extent possible, all quantities of Gas measured at each Receipt Point and each Delivery Point will be allocated on the basis of Shipper's confirmed nominations. In the event the quantities of Gas measured at any Receipt Point or any Delivery Point do not equal the confirmed nominations for such point, the quantities of Gas measured at the Receipt Point or the Delivery Point will be allocated in accordance with the following methods and in the following order: (1) under the provisions of an Operational Balancing Agreement, (2) on the basis of a Predetermined Allocation, or (3) pro rata to Firm Shippers, or (4) pro rata to Interruptible Shippers on the basis of confirmed nominations.

8.2 OPERATIONAL BALANCING AGREEMENTS - Transporter is willing to negotiate an Operational Balancing Agreement (OBA) with any Operator for the purpose of minimizing operational imbalances and/or resolving other matters with respect to the receipt of Gas into, or the delivery of Gas from, Transporter's System. The OBA must specify the Gas custody transfer procedures to be followed by Transporter and the Operator for the confirmation of nominated quantities and allocation of quantities of Gas measured at the point(s) of interconnection between Transporter and the Operator. The OBA will provide that any variance between quantities of Gas measured and confirmed nominations for any Day will be promptly resolved in-kind or on a cash basis. To facilitate the determination of variances on a timely basis, Transporter and the Operator will agree on necessary measurement, allocation, and accounting procedures, and set forth such procedures in the OBA. Transporter will post on its Internet web site (web site) the Receipt Points and Delivery Points where an OBA is in effect.

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- 8.3 ELIGIBILITY FOR AN OPERATIONAL BALANCING AGREEMENT -
Transporter will negotiate and execute an OBA on a non- discriminatory basis with any Operator, provided that Transporter shall not be obligated to negotiate and execute an OBA with any Operator that:
- a. Is not creditworthy as determined pursuant to Section 10 of the General Terms and Conditions;
 - b. Does not maintain, or have available, dispatching operations that are staffed on a continuous basis;
 - c. Does not have electronic flow measurement equipment to which Transporter has access at the interconnect point(s) for which an OBA is proposed;
 - d. Would subject Transporter to an increase in operating costs to operate electronic flow measurement or flow control equipment; or
 - e. Does not commit to timely and final determination of variances based on prompt in-kind or cash resolution.

Issued by: L. Roberson, Vice President

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Effective on: November 10, 1997

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8.4 PREDETERMINED ALLOCATIONS - Transporter is willing to negotiate and establish a Predetermined Allocation methodology with any Operator for the purpose of allocating quantities of Gas measured at any Receipt Point or any Delivery Point in the event the quantities of Gas measured do not equal the confirmed nominations for such point. Unless otherwise agreed, all Predetermined Allocation methods established between Transporter and Operator must be agreed to in writing or by electronic communication following the NAESB Standards before the first Day of the allocation period in which the Predetermined Allocation method is to be effective.

The Predetermined Allocation method must specify how the Gas measured at a Receipt Point or Delivery Point is to be allocated for the account of Shipper. The Predetermined Allocation method will either be ranked, pro rata, percentage, or swing, as such terms are defined in the NAESB standards. The Predetermined Allocation methods are available at any point except those covered by an OBA.

If Operator and Transporter cannot agree upon an allocation method, pro rata based upon confirmed nominations will be used as the default method. The party responsible for custody transfer (the party performing the measurement function) shall provide the allocation.

To the extent Operator submits a Predetermined Allocation method by electronic communication, Transporter shall send a Quick Response, as such term has been defined by NAESB, confirming the receipt of Operator's selection of a Predetermined Allocation method.

- 8.5 ALLOCATION ADJUSTMENTS - The time limitation for disputes of allocations is six (6) Months from the date of the initial Month-end allocation with a three (3)-Month rebuttal period, in accordance with NAESB Standard 2.3.26. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. In no event will any changes be made after twenty-four (24) months from the date of the initial Month-end allocation, unless the parties mutually agree.
- 8.6 OPERATIONAL INTEGRITY LIMITATION - Nothing in this Section 8 or in any Effective OBA shall limit Transporter's right to take action as may be required to adjust receipts and deliveries under any Service Agreement to alleviate operating conditions that threaten the operational integrity of Transporter's System. Such adjustments will be made only in emergency situations where prompt action is required and Transporter determines, in its reasonable judgment, that Operational Flow Orders are inadequate. Transporter will notify affected Shippers of any emergency adjustments of receipts and deliveries.

9. RESOLUTION OF IMBALANCES

- 9.1 RESPONSIBILITY FOR BALANCING - In addition to delivering and receiving volumes of Gas in conformance with nominations, Shippers are responsible for conforming their takes at Delivery Points with their deliveries to Transporter at Receipt Points each Day. Transporter has no obligation to deliver for the account of Shipper greater quantities of Gas than Transporter has received for the account of Shipper or to accept for the account of Shipper greater quantities of Gas than are being delivered for the account of Shipper on any Day.
- 9.2 MONTHLY IMBALANCES - At the end of each Month, to the extent receipts (after appropriate reductions for Fuel, Lost and Unaccounted for Gas) do not equal deliveries under an Effective Service Agreement on a Dt basis, the procedures described in Sections 9.3 and 9.4 will apply.
- 9.3 IMBALANCE TRADING - Following the issuance of actual imbalance data for a Month, a Shipper or its agent may trade imbalances with other Shippers, subject to the conditions of this section. A Shipper that desires to trade imbalances with other Shippers may post a notice on Transporter's internet web site by requesting such posting by 9:00 a.m. on the calendar Day following the Day on which the actual imbalance data is issued. Shippers must notify Transporter of any trades Shipper has made with other Shippers by 5:00 p.m. on that Day. Transporter will recognize a trade of imbalances only if each party to the trade timely notifies Transporter of the trade, the identity of the Shipper(s) with whom the trade was made, the relevant Transporter Service Agreement numbers for each Shipper involved in the trade, the volumes traded, and Transporter is able to confirm that the information results in a match and the trade is permitted hereunder. Trading will be limited to imbalances occurring between the same receipt and delivery points. Transporter will cash out any imbalances that have not been traded by the time specified for notifying Transporter of such trading within two Business Days thereafter, as provided in section 9.4.

9.4 CASHOUT PROCEDURES

- a. The imbalance statement will be rendered prior to or with the invoice. Rendered is defined as postmarked, time-stamped, and delivered to the designated site. Imbalances under each of Shipper's Effective Service Agreements will be separately cashed out according to the following schedule:

IMBALANCE LEVEL	OVERAGE- TRANSPORTER PAYS SHIPPER	UNDERAGE - SHIPPER PAYS TRANSPORTER
0% to 5%	100% x Index	100% x Index
5% to 10%	90% x Index	110% x Index
10% to 15%	80% x Index	120% x Index
15% to 20%	70% x Index	130% x Index
Greater than 20%	60% x Index	140% x Index

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If deliveries for a Shipper's account exceed receipts for Shipper's account under a Service Agreement, the Underage Index will apply. If receipts for a Shipper's account exceed deliveries for a Shipper's account under a Service Agreement, the Overage Index will apply. Cashouts will occur at the Delivery Points on a Shipper Agreement.

- b. The monthly imbalance under each Service Agreement will be the difference between total receipts, minus reductions for Fuel, Lost and Unaccounted for Gas, and total deliveries. The imbalance level will be determined by dividing the imbalance quantity by the total quantity of Gas received for Shipper's account during the relevant Month under each Service Agreement. Transporter shall cash out Shipper's entire Overage or Underage imbalance quantity at a price equal to the product of the index percentage corresponding to the Overage or Underage Imbalance Level, as appropriate, and the imbalance quantity. For purposes of calculating imbalances and determining the imbalance level, imbalances will be aggregated for a Shipper (and its affiliates) which has (have) multiple Service Agreements and the Overage or Underage Imbalance Level for such Shipper(s) will be the aggregated imbalance quantity divided by the total quantity of gas received for Shipper(s)'s account(s) during the relevant month under all of the Service Agreements of the Shipper (and its affiliates).
- c. The Overage Index Price is the arithmetic average of the lowest price posted in the table "Natural Gas Weekly Spot Prices" published by Energy Intelligence Natural Gas Week for sales during the Month the imbalance occurred, under the column "\$/MMBtu" for (i) "Gulf Coast", "Col. Gulf - Erath"; (ii) "Gulf Coast", "Tenn 500 So La Z1"; and (iii) "Gulf Coast", "Tetco ELA".
- d. The Underage Index Price is the arithmetic average of the highest price posted in the table "Natural Gas Weekly Spot Prices" published by Energy Intelligence Natural Gas Week for sales during the Month the imbalance occurred, under the column "\$/MMBtu" for (i) "Gulf Coast", "Col. Gulf - Erath"; (ii) "Gulf Coast", "Tenn 500 So La Z1"; and (iii) "Gulf Coast", "Tetco ELA".

e. If Energy Intelligence Natural Gas Week fails to publish any particular posting specified in Subsections 9.3.c. and 9.3.d., the methodology described for establishing a cashout price will continue to be used if at least two weeks of postings under the "\$/MMBtu" column are published during the relevant Month for at least one of the listed pipeline locations. If Energy Intelligence Natural Gas Week ceases publication of the index prescribed in Subsections 9.3.c. and 9.3.d., Transporter will file a substitute index with the Commission within thirty (30) Days after the prescribed index becomes unavailable, and the substitute index will be used for all cashouts effective as of the date the prescribed index is unavailable for establishing a cashout price.

9.5 MANAGING IMBALANCES - Transporter shall endeavor to provide operational data to Shipper on its Internet web site (web site) within five (5) Days after the Day of Gas flow in an effort to assist Shipper in managing any imbalances that may occur between Gas receipts and deliveries and between nominations and actuals. In determining the cashout price applicable under Subsection 9.3 above, Transporter will utilize the operational data posted on its web site as of the end of the Month or actual flow volumes (or, if actual flow volumes are not available at the time of billing, the reasonable estimates), whichever results in a lower imbalance level, for the purpose of selecting the appropriate index price percentage.

9.6 PRIOR-PERIOD ADJUSTMENTS - Any imbalances for a Month that are booked after the Transportation for that Month has been billed as a result of receiving actual or corrected flow information will be cashed out at one hundred per cent (100%) of the Overage or Underage Index in effect during the Month the imbalance occurred, as appropriate.

- 9.7 PURCHASE AND SALE OF GAS - Transporter is not providing a supply service under any Rate Schedule of this FERC Gas Tariff. Without limitation of the foregoing, Transporter may buy and sell Gas to the extent necessary to maintain System pressure, to implement the cashout procedures under this Section 9, and to perform other functions in connection with providing Transportation service. Nothing herein will be deemed to impose on Transporter any obligation to provide a sale and purchase service to any of its Shippers.
- 9.8 OPERATIONAL FLOW ORDERS - Imbalances due to compliance with OFOs are subject to Subsection 7.5 of this FERC Gas Tariff.
- 9.9 CASHOUT REVENUES - Transporter will refund or carry forward, for each calendar Year, any difference between the revenues received by Transporter and the costs incurred by Transporter as a result of cashing out Shipper and Operator imbalances. To the extent the difference between costs and revenues in respect of such cashouts during any calendar Year is less than Four Hundred Thousand Dollars (\$400,000), Transporter shall carry forward the difference to the next calendar Year. To the extent the difference is greater than Four Hundred Thousand Dollars (\$400,000), Transporter shall refund or invoice each System Shipper in proportion to such Shipper's use of the System during such calendar Year within one hundred twenty (120) Days after the end of the calendar Year. Any such difference, whether a positive or negative, shall include interest at the rate set forth in section 154.501 of the Commission's regulations. Notwithstanding any other provision of this FERC Gas Tariff, Transporter shall retain all cash-out revenues allocated to any Shipper that has been granted a rate less than the applicable maximum tariff rate.

- 9.10 UNAUTHORIZED OR UNCLAIMED GAS - Unauthorized Gas means Gas received into Transporter's System for which a nomination has not been submitted, or which has not been confirmed and scheduled by Transporter. Transporter will post a notice on its Internet web site (web site) that unauthorized Gas has been received, the point of receipt, and the approximate date(s) of receipt. The party responsible for the delivery of unauthorized Gas into Transporter's System shall have thirty (30) Days to submit a valid claim for such Gas, submit records from independent parties verifying its ownership of such Gas, and make arrangements with Transporter for the Transportation of the Gas under the terms of an IT Service Agreement. The party claiming Gas must indemnify Transporter against any adverse claims to such Gas. Unauthorized Gas will be subject to a scheduling penalty of Ten Dollars (\$10.00) per Dt, which penalty shall be waived by Transporter if such Unauthorized Gas does not cause an operational problem on the System. If unauthorized Gas is delivered into Transporter's System while an OFO or curtailment order is in effect on a System-wide basis or for the Receipt Point where the gas was delivered into the System, the unauthorized Gas will be subject to an OFO penalty or curtailment penalty, as appropriate, in addition to all other applicable charges and penalties. Gas left unclaimed for more than thirty (30) Days will become the property of Transporter. Failure to claim unauthorized Gas will not relieve the party responsible for injecting said Gas from paying OFO, curtailment, or scheduling penalties if the ownership of the Gas can be substantiated by Transporter.
- 9.11 UNAUTHORIZED GAS REVENUES - Transporter will refund or carry forward, for each calendar Year, any difference between the penalty revenues received by Transporter and the costs incurred by Transporter as a result of Unauthorized Gas. To the extent the difference between costs and revenues in respect of such Unauthorized Gas penalties during any calendar Year is less than Four Hundred Thousand Dollars (\$400,000), Transporter shall carry forward the difference to the next calendar Year. To the extent, the difference is greater than Four Hundred Thousand Dollars (\$400,000), Transporter shall refund or invoice each System Shipper in proportion to such Shipper's use of the System during such calendar Year within one hundred twenty (120) Days after the end of the calendar Year. Any such difference, whether a positive or negative, shall include interest at the rate set forth in section 154.501 of the Commission's regulations.

10. BILLING AND PAYMENT

- 10.1 BILLING - Transporter will render its bill on or before the ninth (9th) Business Day of each Month for the charges incurred by each Shipper during the previous Month computed in accordance with the Shipper's applicable Rate Schedule.

Transporter will render a written invoice to Shipper, unless Shipper requests that Transporter render an invoice using electronic medium pursuant to the NAESB Standards. Both written and electronic invoices will use the descriptions and charge codes set forth in the NAESB Standards. Transportation invoices will specify all rate components. Required invoice backup data will accompany or precede the invoice.

- 10.2 PAYMENTS - Shipper agrees to make payment to Transporter for Transportation services or any other charges within ten (10) Days from the date of invoice. Such payment shall include supporting documentation including identification of invoice number(s) being paid. Unless another suitable method of payment is agreed to by Transporter, Shipper shall make payment by Automated Clearinghouse transfer or Federal Reserve wire transfer to the bank designated by Transporter from time to time on its invoice. Shipper making payment should submit supporting documentation; party receiving payment (Transporter) should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date. Should Shipper fail to pay all of the amount of any bill for Transportation service or any additional charges hereunder when such amount is due, interest on the unpaid portion will accrue at an interest rate equal to the Commission's stated Interest Rate in effect for the time the obligation to pay interest is incurred, from the date due until the date payment is received by Transporter.

If failure to pay for Transportation services or any additional charges continues for thirty (30) Days after such payment is due, in addition to any other remedy, Transporter may, without liability, suspend further services until any overdue amount is paid. However, if Shipper, in good faith, shall dispute the amount of any such bill, or part thereof, and pay Transporter 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 Transporter, shall furnish a good and sufficient surety bond, in amount and with sureties satisfactory to Transporter, conditioned upon the payment of any amounts ultimately found due upon such bills (including accrued interest at the stated Interest Rate) after final determination, which may be reached either by agreement or judgment of the courts as may be the case, Transporter shall not suspend further services unless and until default be made in the conditions of such bond.

- 10.3 ADJUSTMENT OF BILLING ERRORS - The prior period adjustment time limit is six (6) Months from the date of the initial transportation invoice with a three (3)-Month rebuttal period, excluding government-required rate changes in accordance with NAESB Standard 3.3.15. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. In no event will any changes be made after twenty-four (24) Months from the date of the initial transportation invoice, unless the parties mutually agree.
- 10.4 FEES - Shipper shall reimburse Transporter for all fees required by the Commission or any regulatory body that are attributable to service provided under an Effective Service Agreement, including, but not limited to, filing, reporting and application fees.

10.5 CREDITWORTHINESS OF SHIPPER - Transporter shall not be required to perform Transportation service under this FERC Gas Tariff or any Effective Service Agreement on behalf of any Shipper who is or who has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness. Shipper's creditworthiness will be determined based upon (i) a current credit rating of investment grade, defined as a rating of at least "BBB-" or higher by Standard & Poor's or a rating of at least "Baa3" or higher by Moody's Investors Service, Inc. or (ii) by the evaluation of the Shipper's latest overall financial condition, including, but not limited to working capital, cash flow analysis, debt levels, and profitability trends.

At Transporter's request, Shipper shall provide Transporter the following information in order for Transporter to analyze Shipper's creditworthiness: Shipper's latest audited financial statements, including income and cash flow statements; annual report, if applicable; Form 10-K; a list of affiliates, parent companies, or subsidiaries; three credit and trade references; and credit bureau reports and information as to pending litigation, collection actions, or judgments that could cause a substantial deterioration in financial condition. For purposes of this FERC Gas Tariff, the insolvency of a Shipper will be evidenced by:

- a. The filing by such Shipper, or parent entity thereof, of a voluntary petition in bankruptcy; or
- b. The entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper as bankrupt or insolvent. An exception can be made for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act, but only with adequate assurances that billing hereunder will be paid promptly as a cost of administration under the federal court's jurisdiction; or

- c. The approving as properly filed of a petition seeking reorganization, arrangement, adjustment or composition of, or in respect of, the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law; or
- d. The appointing of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of the Shipper's property; or
- e. The ordering of the liquidation of Shipper's affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive Days.

10.7 STATEMENT OF ACCOUNT - Transporter will provide Shipper with a detailed Statement of Account in accordance with the NAESB Standards. The Statement of Account will report outstanding balances by invoice and will indicate any payments which have been applied to prior period adjustments.

11. CAPACITY RELEASE

- 11.1 ELIGIBILITY - Any Shipper with an Effective Firm Service Agreement under Transporter's FT-1 Rate Schedule is eligible to release all or part of its capacity to a Replacement Shipper on a permanent or temporary basis, subject to the provisions of this Section 11.

In the event that long-term (more than one year) released capacity is subject to a Negotiated Rate, all transactions subject to this section will be capped at the maximum, Commission-approved tariff rate for all purposes except the obligation of the Shipper to pay Transporter the difference between the rate bid and paid by a replacement shipper and the Negotiated Rate.

11.2 TYPES AND CONDITIONS OF RELEASES -

- a. Permanent Release - A Releasing Shipper may release all or part of its Firm capacity under an Effective FT-1 Service Agreement, for the remaining primary term of the Agreement. The Replacement Shipper may contract for the Primary Receipt and Delivery Point(s) specifically set forth in a Releasing Shipper's Effective FT-1 Service Agreement, or for other Primary Receipt and Delivery Point(s) up to the Released Capacity subject to available capacity and any restrictions on changes of Primary Receipt and Delivery Point(s) imposed by the Releasing Shipper or Transporter. A permanent release operates as an assignment of capacity and all of the terms and conditions applicable to Firm Transportation service, including the requirements related to creditworthiness, must be met by the Replacement Shipper prior to the effective date of the assignment. The Replacement Shipper shall execute an FT-1 Service Agreement for the released capacity at the rate bid by the Replacement Shipper and accepted by the Releasing

Shipper and for the primary term set forth in the Releasing Shipper's Effective FT-1 Service Agreement with Transporter. The Releasing Shipper will be obligated to pay the difference, if any, between the accepted bid and the applicable rate for the remainder of the term of the Releasing Shipper's FT-1 Service Agreement. Said amount will be billed to the Releasing Shipper within thirty (30) Days after the Replacement Shipper executes an FT-1 Service Agreement with Transporter for the Released Capacity. In the event there is a discount agreement in effect between Transporter and the Releasing Shipper for service utilizing all or any portion of the permanently released capacity, Transporter will enter into a discount agreement with the permanent Replacement Shipper for the same time period, volumes, Receipt Point(s), Delivery Point(s) and discount, subject to any terms contained in Releasing Shipper's discount agreement, on the same basis as with the Releasing Shipper.

- b. Temporary Release - A Releasing Shipper may temporarily release all or part of its FT-1 capacity for a specified term. The Replacement Shipper must execute a Confirmation Letter, in the form attached to the Service Agreement for Capacity Release Transactions, as set forth in the "Forms" section of this FERC Gas Tariff. Such Confirmation Letter will be for the Released Capacity at the rate bid by the Replacement Shipper and accepted by the Releasing Shipper and for the term bid by the Replacement Shipper.

The Releasing Shipper will remain obligated to pay the difference, if any, between the accepted bid and the applicable rate for the term of the release.

A Releasing Shipper may temporarily release all or part of its FT-1 capacity, subject to recall, on the occurrence of the condition(s) specified in the Offer to Release Capacity and as follows:

- i. A Releasing Shipper 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 the Transporter by the following times for each cycle: 8 a.m. CCT for the Timely Nomination cycle; 5:00 p.m. CCT for the Evening Nomination cycle; 8 a.m. CCT for the Intra-Day 1 Nomination Cycle, and 3:00 p.m. CCT for the Intra-Day 2 Nomination Cycle. Notification to the replacement shippers provided by Transporter within one hour of receipt of recall notification.
- ii. A Releasing Shipper must define the condition(s) under which the Released Capacity will or may be recalled. Such recall condition(s) must not be inconsistent with the terms and conditions of the Releasing Shipper's FT-1 Service Agreement or with the provisions of this FERC Gas Tariff. The recall conditions specified by the Releasing Shipper must be non-discriminatory and identifiable events.
- iii. Transporter has the right to rely on Releasing Shipper's notice and Releasing Shipper shall defend and indemnify Transporter against any claims, losses, liabilities or expenses resulting from claims by any Replacement Shipper that capacity was not recalled in accordance with the recall rights specified by the Releasing Shipper in its Offer to Release Capacity.
- iv. If Releasing Shipper has recalled capacity in accordance with its recall rights and time remains in the term of the release, the capacity shall revert to the Replacement Shipper in accordance with the repeat methods and rights negotiated between the Releasing Shipper and the Replacement Shipper.

- c. Secondary Release of Capacity - Following execution of a Confirmation Letter pursuant to the Form of Service Agreement for Capacity Release Transactions, a Replacement Shipper may subsequently release the capacity it has acquired in accordance with the terms of this Section 11. A Replacement Shipper cannot release greater capacity rights than acquired from the Releasing Shipper. To the extent the subject capacity is recallable in accordance with this Subsection 11.2, any subsequent release of the capacity shall also be subject to the recall conditions contained in the original release. Any subsequent Replacement Shipper under a Secondary Release shall be required to execute a Confirmation Letter for the released capacity at the rate bid by the Replacement Shipper and accepted by the Releasing Shipper and for the term bid by the Replacement Shipper.
- d. Prearranged Releases
- i. Prearranged Releases Subject to Bidding - A Releasing Shipper may arrange for its own Replacement Shipper. The prearranged Replacement Shipper must meet all of the requirements established for bidders pursuant to this Section 11.

For long-term (more than one year) prearranged releases where the Prearranged Replacement Shipper has not agreed to the maximum Commission approved-tariff rate, term, and release quantities, the offer to release capacity will be posted in accordance with Subsection 11.5. If Transporter does not receive a better bid by the bid deadline, the prearranged bid will be deemed the best bid, and a Confirmation Letter must be executed by the prearranged Replacement Shipper in accordance with this Section 11. If Transporter receives a better bid by the bid deadline, the prearranged Replacement Shipper shall have one (1) Business Day to match the terms of the better bid.

If the prearranged Replacement Shipper matches the better bid, the capacity will be awarded to the prearranged Replacement Shipper and a Confirmation Letter must be executed by the prearranged Replacement Shipper. If the rearranged Replacement Shipper fails to match the best bid, the capacity will be awarded to the party making the best bid in accordance with the terms specified in Subsection 11.7.

Except as provided for in Section 11.2.d.ii, for short-term (one year or less) prearranged capacity releases, the offer to release capacity will be posted in accordance with Subsection 11.5. If Transporter does not receive a better bid by the bid deadline, the prearranged bid will be deemed the best bid, and a Confirmation Letter must be executed by the prearranged Replacement Shipper in accordance with this Section 11. If Transporter receives a better bid by the bid deadline, the prearranged Replacement Shipper shall have one (1) Business Day to match the terms of the better bid. If the prearranged Replacement Shipper matches the better bid, the capacity will be awarded to the prearranged Replacement Shipper and a Confirmation Letter must be executed by the prearranged Replacement Shipper. If the prearranged Replacement Shipper fails to match the best bid, the capacity will be awarded to the party making the best bid in accordance with the terms specified in Subsection 11.7.

Bids for released capacity may not exceed the maximum rate for the applicable rate schedules, except when the release is for a term of one year or less, and/or a release to an asset manager or a marketer participating in a state-approved retail access program; and provided further, that the release must take effect on or before one year from the date the pipeline is notified of the release.

- ii. Prearranged Releases Not Subject to Bidding - A Releasing Shipper may release its FT-1 capacity to a prearranged Replacement Shipper without prior bidding for the Released Capacity in the following instances: 1) releases for thirty-one (31) Days or less (subject to the limitations of this Subsection); 2) long-term (more than one year) releases at the maximum rate; 3) any release to an asset manager as defined by Section 284.8(h) of the Commission's regulations; and 4) any release to a marketer participating in a state-approved retail access program as defined by Section 284.8(h) of the Commission's regulations. The Releasing Shipper and its prearranged Replacement Shipper shall notify Transporter of the terms of the prearranged release. Transporter will post on its Internet web site (web site) an announcement of the release within forty-eight (48) hours after the commencement of the Transportation transaction using the Released Capacity. The prearranged

Replacement Shipper must comply with the prequalification requirements applicable to the bid process and the creditworthiness requirements of this Section 11. The prearranged Replacement Shipper shall also execute a Confirmation Letter for the released capacity at the rate and for the term specified in the aforementioned notice to Transporter.

Once the term of a prearranged release of thirty-one (31) Days or less has expired, the Releasing Shipper cannot roll over or extend the release period, or re-release its capacity to the same Replacement Shipper under this provision until twenty-eight (28) Days or more have elapsed since the termination of the prior release. However, the Releasing Shipper may release the capacity to the same Replacement Shipper if 1) the capacity is posted for bidding under the provisions of Subsection 11.2.e.i or 2) the release was to an asset manager or marketer participating in a state-mandated retail access program.

Pre-arranged capacity releases that are not subject to bidding may not exceed the maximum rate for the applicable rate schedules, except when the release is for a term of one year or less, and/or a release to an asset manager or a marketer participating in a state-approved retail access program; and provided further, that the release must take effect on or before one year from the due date the pipeline is notified of the release.

- 11.3 TERM OF RELEASE - The minimum term for any release, whether permanent, temporary, or secondary is one (1) Day. The maximum term for any release will be the remaining primary term in the Releasing Shipper's Effective FT-1 Service Agreement.

As used in Subsection 11.4, a "month" is not a calendar month. A "month" is a period of time beginning on a numbered Day in one calendar month and continuing through the previous numbered Day in the following calendar month.

11.4 TIMETABLE FOR RELEASE EVENTS - The Capacity Release Timetable is applicable to all parties in the capacity release process provided that 1) all information provided by the parties is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, and 2) there are no special terms or conditions of the release. All times are Central Clock Time.

a. For Short-Term Releases (one year or less):

- * offers must be tendered by 12:00 p.m. on a Business Day;
- * open season ends no later than 1:00 p.m. on a Business Day (evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of best bid is made, and ties are broken);
- * evaluation period ends at 2:00 p.m.;
- * match or award is communicated by 2:00 p.m.;
- * match response by 2:30 p.m.;
- * award posting by 3:00 p.m.;
- * contract tendered with contract #, when applicable, within one hour of award posting; contract executed; nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Issued by: Kevin Rehm, Vice President

Issued on: January 26, 2009

Effective on: February 27, 2009

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- b. For Long-Term Releases (more than one year):
- * offers must be tendered by 12:00 p.m. four (4) Business Days before award;
 - * open season ends no later than 1:00 p.m. on the Day before nominations are due (open season is three (3) Business Days);
 - * evaluation period begins at 1:00 p.m. during which contingency is eliminated, determination of best bid is made, and ties are broken;
 - * evaluation period ends and award posting if no match required at 2:00 p.m.;
 - * match or award is communicated by 2:00 p.m.;
 - * match response by 2:30 p.m.;
 - * award posting by 3:00 p.m.;
 - * contract tendered with contract #, when applicable, within one hour of award posting; contract executed; nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Non-Biddable releases are releases for 31 days or less (subject to the rollover limitations of Subsection 11.2.d) and releases for more than one year or more at the maximum rate. All other releases shall be biddable. For Non-Biddable releases, the Replacement Shipper must notify Transporter of a Non-Biddable release at least one hour prior to the nomination deadline for each of the four nomination cycles. Posting of the Non-Biddable release shall be in accordance with the following timeline:

Timely Nomination Cycle: Posting on Non-Biddable release due by 10:30 A.M.;

Evening Nomination Cycle: Posting of Non-Biddable release due by 5:00 P.M.;

Intraday 1 Nomination Cycle: Posting of Non-Biddable release due by 9:00 A.M.;

Intraday 2 Nomination Cycle: Posting of Non-Biddable release due by 4:00 P.M..

Transporter shall tender a contract within one hour of the posting of the Non-Biddable release. Replacement Shipper may nominate at the next available nomination cycle for the effective date of the contract.

11.5 OFFERS TO RELEASE CAPACITY - Offers to release capacity must be submitted in accordance with the schedule set forth in Subsection 11.4. Such offers must be in writing and on the release form available from Transporter (hereinafter called the Releasing Shipper's Offer) or provided electronically. Transporter shall post the Releasing Shipper's offer to release capacity on its Internet web site (web site). The posting of the offer will also include the maximum Commission-approved tariff reservation rate applicable to the capacity, the date and time by which bids must be submitted in accordance with the capacity release timetable, and the date and time the offer is posted. A Releasing Shipper may withdraw an offer to release capacity at any time until Transporter receives a bid for the capacity that meets the Releasing Shipper's minimum bid specifications. Likewise, a bidder may withdraw its bid prior to the close of the bidding period, but may not rebid on the same capacity at a lower rate. All offers will be considered binding until written or electronic notice of withdrawal is received by Transporter. Transporter shall post all withdrawals of offers or bids on its Internet web site (web site).

Any shipper offering to release all or part of its capacity shall provide the information required by the NAESB Standards. In addition, the Releasing Shipper's Offer must state whether the proposed release is to an asset manager as part of an asset management arrangement as defined in Section 284.8(h)(3) of the Commission's regulations or to a marketer participating in a state-mandated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations and, if the proposed release is part of an asset management arrangement, the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect.

11.6 SUBMISSION OF BIDS - During the open season and bid submittal periods, all valid bids (excluding bidder's name) will be posted. All bids will be binding until written or electronic notice of withdrawal is received by Transporter. A bid may be withdrawn prior to the close of the bidding period, but the withdrawing bidder may not rebid on the same capacity at a lower rate. Invalid bids will not be posted. There will be no extensions of the original bid period or the prearranged deal match period.

Prior to bidding on any offer to release capacity, a bidder must prequalify by satisfying the creditworthiness requirements in Subsection 11.10. All bids for capacity shall be transmitted via mail, telefax, or electronically to Transporter. Transporter shall date and time stamp all written bids as they are received. A separate bid is required for each offer to release capacity. The price bid on any offer to release capacity must be submitted on a reservation rate basis or on a volumetric basis. Any volumetric bids should only relate to the reservation rate, since any volumetric charges will be directly billed by Transporter to the Replacement Shipper and will not be considered in the determination of the best bid. All bids on temporary releases of capacity must be for the specified Receipt and Delivery Points set forth in the Releasing Shipper's offer. Any prequalified bidder submitting a bid for all or part of any released capacity shall provide the information required by the NAESB Standards. Transporter shall post all bids for capacity on its Internet web site (web site).

- 11.7 DETERMINATION OF BEST BID - At the close of the bid period, Transporter will review each bid to determine whether a bid will be deemed eligible for consideration as the best bid. Any bid deemed ineligible will be eliminated from consideration. Bids will be deemed ineligible if:
- a. Bidder has not prequalified in accordance with Subsection 11.10.
 - b. Bidder has not submitted its bid prior to the deadline posted by Transporter on its Internet web site (web site).
 - c. The bid for Released Capacity does not meet the minimum criteria established in the Releasing Shipper's Offer.

As specified in the Releasing Shipper's Offer, each bid deemed eligible for consideration will be evaluated using one of the following methods: highest rate, net revenue, or present value. If the Releasing Shipper elects to accept volumetric bids, the Releasing Shipper must have also specified the method to rank competing volumetric and reservation charge bids.

Transporter will evaluate and rank all bids and will award bids, best bid first, until all offered capacity is awarded. Each bid will be subject to the rights of a prearranged bidder to match the bid in accordance with Subsection 11.2.

If no bids meet the minimum requirements of the Releasing Shipper's Offer, Transporter shall calculate the best bid pursuant to this Section 11 or the criteria set forth in the Releasing Shipper's Offer and make the best bid available to the Releasing Shipper, who will have the option to refuse or accept such bid.

In the event of a tie among bidders for the best bid that does not involve a prearranged release, capacity will be awarded on a pro rata basis if the Releasing Shipper fails to specify a tie breaker.

11.8 AWARD OF CAPACITY AND POSTING OF BIDS - Upon determination and acceptance of the best bid(s), the winning Replacement Shipper(s) will be notified by Transporter in writing or electronically. Transporter shall post notice on Transporter's Internet web site (web site) that the capacity has been awarded. The notice will include the Replacement Shipper's name(s), the rate, reservation quantity, and term of the best bid. Transporter's Confirmation Letter, incorporating the terms of the accepted bid, shall be executed by the Replacement Shipper, and returned to Transporter prior to or concurrently with a nomination for the flow of Gas utilizing the Released Capacity.

11.9 CREDITING OF REVENUE FOR TEMPORARY RELEASES - The Replacement Shipper shall pay a reservation charge and any usage charge for use of the released capacity. A Replacement Shipper will be billed by Transporter and shall make payments to Transporter in accordance with the terms of the Service Agreement for Capacity Release Transactions and the applicable Confirmation Letter. For capacity releases other than a permanent release, Transporter shall bill the Releasing Shipper its reservation charge and reflect a credit of the reservation charge billed to the Replacement Shipper. The Releasing Shipper will receive all revenue generated by a temporary Replacement Shipper's payment of reservation charges for the released capacity. In the event the Releasing Shipper receives Transportation service at a discounted rate that is less than the rate paid by the Replacement Shipper, the Releasing Shipper, at its option, will be entitled to receive an additional credit or a refund of the difference. However, the Releasing Shipper shall remain liable for the reservation charge and Transporter will bill the Releasing Shipper for any reservation charges not paid by the Replacement Shipper and any associated interest on late payments during the next billing cycle. The Replacement Shipper shall be obligated to pay Transporter any usage rate and all associated volumetric surcharges applicable to the quantities Transporter transports under the Replacement Shipper's FT-1 Service Agreement, and any penalties and cashout charges assessed in connection with the Replacement Shipper's use of the Released Capacity. Transporter will retain the usage charge, associated volumetric surcharges, and any penalty and cashout charges.

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11.10 PREQUALIFICATION OF CREDITWORTHINESS - All parties desiring to bid on Firm capacity offered by a Releasing Shipper and all prearranged Replacement Shippers must meet Transporter's creditworthiness requirements prior to bidding on capacity. A bidder's creditworthiness will be assessed in accordance with the terms of Section 10 of the General Terms and Conditions, which may require up to five (5) Business Days to complete. If a bidder does not qualify under Transporter's creditworthiness standards, the bidder shall either provide a letter of credit in a satisfactory form and from a financial institution acceptable to Transporter, a guaranty from a party satisfying Transporter's creditworthiness standards, or a cash deposit equal to the lesser of (i) the maximum charges (including reservation charge, usage charge and surcharges) payable for the term of the release, or (ii) the maximum charges (including reservation charge, usage charge and surcharges) payable for the first three (3) full Months of the release. A party that does not qualify as a creditworthy bidder is ineligible to bid on capacity. After Transporter has determined a bidder creditworthy and eligible to bid, Transporter will issue a bidder prequalification number to the bidder. Once a bidder is issued a bidder prequalification number, it is not necessary for that bidder to resubmit credit information for prequalification except as requested by Transporter. In the case of releases not subject to bidding, the prearranged Replacement Shipper must prequalify at least five (5) Business Days prior to Transporter's nomination deadline for Transportation using the Released Capacity. In all other respects, the terms and conditions applicable to bidders also apply to the prearranged Replacement Shippers who have not otherwise complied with the above requirements.

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11.11 RESPONSIBILITIES OF RELEASING SHIPPERS - The Releasing Shipper shall remain fully liable under its Effective Firm Service Agreement with Transporter for the payment of all reservation charges each Month for the full reservation quantity, whether or not such quantity has been released. A Shipper may release all or part of its FT-1 capacity on a permanent or temporary basis. The Releasing Shipper will remain obligated to pay the difference, if any, between the accepted bid and the applicable rate for the remainder of the term of its Effective Service Agreement.

11.12 RESPONSIBILITIES OF REPLACEMENT SHIPPERS - A Replacement Shipper awarded capacity under a permanent release shall execute a separate FT-1 Service Agreement with Transporter for the released capacity at the rate bid by the Replacement Shipper and accepted by the Releasing Shipper up to the maximum Commission-approved tariff rate and for the primary term of the Releasing Shipper's Effective FT-1 Service Agreement with Transporter. The Replacement Shipper shall sign and return the FT-1 Service Agreement to Transporter within ten (10) Business Days after it is provided to the Replacement Shipper.

A Replacement Shipper who is awarded Firm capacity pursuant to a temporary release shall execute a Confirmation Letter for the released capacity at the rate and for the term bid by the Replacement Shipper. A Replacement Shipper who is awarded recallable Firm capacity shall execute a Confirmation Letter for the released capacity, subject to the right of recall, at the rate and for the term bid by the Replacement Shipper.

Any rate paid by a Replacement Shipper in any capacity release transaction which is not subject to the maximum rate cap is deemed to be a final rate and is not subject to refund.

- 11.13 MARKETING FEES - Transporter may negotiate with a Releasing Shipper and receive a mutually agreeable fee for taking action to market Releasing Shipper's Firm FT- 1 capacity so long as such actions constitute more than merely posting the Releasing Shipper's offer. Transporter and the Releasing Shipper will negotiate the level of activity to be undertaken by Transporter to market the capacity and the fee to be paid by the Releasing Shipper to Transporter for such activity.
- 11.14 OFFERS TO PURCHASE FIRM CAPACITY - Transporter agrees to post on its Internet web site (web site), offers to purchase Firm capacity. Each offer will remain on Transporter's web site for a minimum of five (5) Business Days before it is removed, unless the party offering to purchase capacity notifies Transporter prior to the expiration of such period that it wishes to extend the posting for an additional five (5) Business Days.

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12. PREGRANTED ABANDONMENT AND RIGHT OF FIRST REFUSAL

12.1 PREGRANTED ABANDONMENT - Transporter's obligation to provide services to Shipper under any Effective Service Agreement will expire and such service will be automatically abandoned at the end of the term specified in such Service Agreement, unless the Service Agreement is subject to a right of first refusal.

12.2 APPLICABILITY OF RIGHT OF FIRST REFUSAL -

A shipper receiving Firm Transportation service under an Effective FT-1 Service Agreement may exercise its right of first refusal in order to retain firm transportation service at the expiration of the primary term under the following conditions: (a) the Effective Service Agreement is at the maximum tariff rate and for a term of twelve (12) or more Months of consecutive service, or (b) the Effective Service Agreement was entered into prior to February 9, 2000, at less than the maximum tariff rate for a term of one (1) Year or more, or (c) the Effective Service Agreement is at a Negotiated Rate and was entered into prior to February 9, 2000, for a term of one (1) Year or more. The right of first refusal will not apply to Firm Service Agreements at a discounted rate or Negotiated Rate, or with a term of less than twelve (12) consecutive Months of service, during any extension or roll-over term unless the Service Agreement is re-executed at the maximum tariff rate.

Any Shipper receiving Firm Transportation service under an Effective FT-2 Service Agreement may retain Firm service under an FT-1 Service Agreement by exercising its right of first refusal with respect to the quantity of Gas by which its FT-2 Service Agreement has been reduced for each Contract Year, subject to the same conditions set forth herein with respect to shippers receiving Firm Transportation under FT-1 Service Agreements.

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12.3 RIGHT OF FIRST REFUSAL PROCEDURES

- a. Shipper Notification - Transporter will notify shipper in writing at least ninety (90) Days prior to the expiration of the term of an Effective FT-1 Service Agreement or the end of a Contract Year under an FT-2 Service Agreement. Shipper must notify Transporter in writing at least seventy-five (75) Days prior to the expiration of the term whether it wishes to retain the option to exercise its right of first refusal for all or a specified portion of the capacity. If Shipper has notified Transporter of its intent to exercise such right, Transporter shall then notify Shipper of the best acceptable bid received by Transporter on (1) Business Day after the bid deadline Day for capacity posted under the procedures of this Section 12. Shipper shall then have the right to retain service under the expiring FT-1 Service Agreement, or to

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retain the right to Firm capacity subject to reduction under the FT-2 Rate Schedule, by matching the best acceptable bid received by Transporter for the posted capacity and executing an FT-1 Service Agreement for such capacity.

- b. Posting of Capacity Subject to Right of First Refusal - Seventy (70) Days prior to the expiration of the term of an FT-1 Service Agreement or the reduction of the MDVQ-Mainline or MDVQ-Expansion under an FT-2 Service Agreement subject to a right of first refusal, Transporter shall post on its Internet web site (web site) the capacity that will become available upon the expiration or reduction date of such Service Agreement and whether such capacity is subject to an existing Shipper's right of first refusal. The capacity will be posted until forty-five (45) Days prior to Transporter's nomination deadline for the first Day of the Month after the expiration of the term or reduction of the MDVQ-Mainline or MDVQ-Expansion. The posting will include the Primary Receipt and Delivery Points, the available MDRQ-Mainline or MDRQ-Expansion and the MDQ for each Primary Point, the date the term of the FT-1 Service Agreement will expire, or the date the reduction of the MDVQ-Mainline or MDVQ-Expansion under the FT-2 Service Agreement will become effective, and the applicable maximum rate.
- c. Bidding on Capacity Subject to the Right of First Refusal - Upon posting of capacity subject to an existing Shipper's right of first refusal, potential Shippers must submit bids in writing for all or part of the capacity. To be eligible to bid on the capacity, a potential Shipper must submit a Request for Service form and demonstrate that it meets Transporter's creditworthiness requirements. Each bid must contain (i) the potential Shipper's name, (ii) the rate the potential Shipper is offering to pay, (iii) the term of FT-1 service the potential Shipper desires, and (iv) the amount of capacity for which the potential Shipper is bidding. Bids must be received by Transporter by the bid deadline date,

which will be 8:00 a.m. Central Time forty-five (45) Days prior to the deadline for nominating Transportation utilizing the capacity. A potential Shipper must submit, along with its bid, a Prepayment of Ten Thousand Dollars (\$10,000). All bids will be binding on the bidding party. Transporter will post the relevant terms of all eligible bids, other than the bidder names, one (1) Business Day after each bid is received by Transporter.

- d. Determination of the Best Bid - Transporter will review all bids for the posted capacity. The best bid will be the bid with the longest term at the maximum rate. If there is a tie, the potential Shipper submitting the earliest bid will be deemed to have submitted the best bid. Transporter will consider, but will not be required to accept, a bid that requests a rate that is less than Transporter's maximum rate for the requested service. Transporter will evaluate the bids based on the present value of the revenue that would be generated by an FT-1 Service Agreement at the rate and for the term bid by each potential Shipper using the Commission's currently posted Interest Rate. In the event that a bid is a Negotiated Rate, the evaluation process will only consider the revenues generated by the reservation rate component or other guaranteed revenue stream included in the bid, up to the maximum, Commission- approved tariff rate. Bids at less than the maximum tariff rate will be considered in the same manner as the recourse rate for such service.

- e. Matching the Best Bid - Transporter shall notify Shipper of the best bid(s) Transporter is willing to accept one (1) Business Day after the bid deadline. Shipper shall then have five (5) Business Days to match the rate, up to the Commission- approved maximum tariff rate, term and quantity of Gas contained in the best bid(s) as determined in Section 12.3.d in order to retain service under the expiring FT-1 Service Agreement or to obtain FT-1 capacity equal to the reduction in the MDVQ-Mainline or MDVQ-Expansion under an FT-2 Service Agreement. If Shipper matches the best bid within the allotted time, Transporter will provide Shipper a new FT-1 Service Agreement that reflects the terms of the best bid. Shipper shall execute and return the new FT-1 Service Agreement within ten Business (10) Days after it is provided by Transporter.

- f. Failure to Match the Best Bid - If Shipper fails to match the best bid within the time allowed by Transporter, Shipper's existing FT-1 Service Agreement will be automatically abandoned at the end of the term set forth on the FT-1 Service Agreement, or the quantity of the reduction under the FT-2 Service Agreement will be automatically abandoned at the end of the applicable Contract Year. Transporter will enter into a new FT-1 Service Agreement with the potential Shipper(s) offering the best acceptable bid(s). The potential Shipper(s) must execute an FT-1 Service Agreement reflecting the terms of its bid(s) within ten Business (10) Days after it is provided by Transporter. If the potential Shipper fails to execute and return the FT-1 Service Agreement within the specified time, the potential Shipper shall forfeit any rights it may have had to the requested service and Transporter shall retain the Prepayment submitted by such potential Shipper(s). The capacity and service will then be offered to the potential Shipper with the next best acceptable bid for a period of one (1) Business Day and the original Shipper will have the opportunity to match such bid for a period of one (1) Business Day.
- g. Capacity for Which No Acceptable Bids are Received - If Transporter fails to receive acceptable bids for all of the posted capacity, then Transporter and Shipper shall negotiate a rate and term for the amount of capacity Shipper desires to retain, as set forth in Shipper's notification to Transporter under Subsection 12.3.a. above. If Shipper and Transporter fail to negotiate acceptable terms of a new FT-1 Service Agreement within ten (10) Business Days, then the service for the affected capacity will be automatically abandoned effective as of the date of the expiration of the term of the original FT-1 Service Agreement between Shipper and Transporter, or the date of reduction under a FT-2 Service Agreement.

13. GAS QUALITY

13.1 SPECIFICATIONS - Except to the extent permitted by the Transporter on a not unduly discriminatory basis, all Gas received by Transporter from Shipper shall conform to the following quality specifications:

- a. Heating Value. The Gas shall have a heating value of not less than nine hundred seventy Btus per standard cubic foot (970 Btus/SCF) at 14.73 PSIA.
- b. Water Vapor. The Gas shall not contain more than seven pounds of water per million standard cubic feet (7 lbs/MMcf).
- c. Oxygen. The Gas shall not contain more than two-tenths of one per cent (0.2%) by volume of oxygen.
- d. Carbon Dioxide and Nitrogen. The Gas shall not contain more than two per cent (2%) of carbon dioxide nor more than three per cent (3%) by volume of a combined total of carbon dioxide and nitrogen.
- e. Hydrogen Sulfide. The Gas shall not contain more than one-quarter grain of hydrogen sulfide per one hundred standard cubic feet (1/4 gr/100 SCF).
- f. Mercaptans. The Gas shall not contain more than one-quarter grain of mercaptans per one hundred standard cubic feet (1/4 gr/100 SCF).
- g. Total Sulfur. The Gas shall not contain more than five grains of total sulfur per one hundred standard cubic feet (5 grs/100 SCF).
- h. Dust, Gums and Solid Matter. The Gas shall be commercially free from dust, gums, gum-forming constituents, and other solid matter.

- i. Liquid Hydrocarbons. The Gas shall be free of hydrocarbons in liquid form at the temperature and pressure at which the Gas is received.
 - j. Liquid Water. The Gas shall be free of water in liquid form at the temperature and pressure at which the Gas is received.
 - k. Temperature. The Gas shall not have a temperature of more than one hundred degrees Fahrenheit (100°F).
- 13.2 REFUSAL TO ACCEPT - If the Gas tendered for Transportation by Shipper shall fail at any time to conform to any of the quality specifications set forth above, Transporter may refuse to accept further quantities of Gas pending correction by Shipper.
- 13.3 COMMINGLING - Gas and/or Condensate received from each Shipper will be commingled with the Gas and/or Condensate of other Shippers in the system. Accordingly, the Gas of Shipper shall be subject to such changes in heating value and other specifications as may result from such commingling.
- 13.4 LIQUID HYDROCARBONS - All Gas must be dehydrated and separated prior to being injected into Transporter's system. Gas that meets Transporter's quality specifications, and any Condensate that is acceptable to Transporter and for which a separate condensate Transportation agreement has been executed, shall be separately metered and then injected into Transporter's System.

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14. MEASUREMENT

- 14.1 PROCEDURES - All metering and testing equipment must be installed, maintained, and calibrated in accordance with the specifications and procedures of API Manual of Petroleum Measurement Standards, Chapter 14 - Section 3, Latest Edition and Chapter 21 - Section 1, Latest Edition.
- 14.2 UNIT OF VOLUMETRIC MEASUREMENT - The unit of volume for all purposes hereunder shall be one standard cubic foot (1 SCF) as defined in Section 1 of the General Terms and Conditions. Correction for the deviation of the Gas from Boyle's Law at the pressures, temperatures and relative densities under which the Gas is received or delivered hereunder will be according to API Manual of Petroleum Measurement Standards Chapter 14 - Section 2/AGA Report No. 8.
- 14.3 ATMOSPHERIC PRESSURE - Atmospheric pressure will be assumed to be fourteen and seven-tenths pounds per square inch absolute (14.7 PSIA) regardless of the actual elevation or location of the Receipt or Delivery Point(s) above sea level or variations of the actual atmospheric pressure at which the Gas is measured.
- 14.4 RELATIVE DENSITY (SPECIFIC GRAVITY) - Relative density will be determined by chromatographic analysis of samples collected by means of a continuous sampling device, by an on-line gas chromatograph or by other industry-accepted instrument that is mutually agreed upon.
- 14.5 HEATING VALUE - Heating value will be determined by chromatographic analysis of samples collected by means of a continuous sampling device, by an on-line gas chromatograph or by other industry-accepted instrument that is mutually agreed upon.

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- 14.6 METERING FACILITIES - Upon agreement with Transporter, either Transporter or an interconnecting Operator may install, own, maintain and operate metering facilities properly equipped with orifice meters, electronic flow computers, and other necessary measuring equipment required to measure quantities of Gas received into or delivered from Transporter's System. Such metering facilities will be located at or near the Receipt or Delivery Point(s).
- 14.7 CHECK METERS - Either Transporter or the interconnecting Operator may, at its option and expense, install and operate check meter(s) to check the other party's meters.
- 14.8 ACCESS TO METERING FACILITIES - Either Transporter or the interconnecting Operator shall have access at all reasonable times to the other party's metering and regulating facilities for inspection and checking, but the reading, calibration and adjustment thereof shall be done only by the Operator of such metering and regulating facilities.
- 14.9 CALIBRATION AND TESTING - At least once each Month, either Transporter or the interconnecting Operator will calibrate its meters and measuring equipment and if so requested, in the presence of representatives of the other party, and the parties shall jointly observe any adjustments that are made to the meters or measuring equipment should adjustments be necessary. Likewise, any calibration and adjustment of the other party's check meters will be jointly observed by representatives of both parties. Each party shall give to the other party notice of the time of all tests of meters at least ten (10) Days in advance of the test so that the other party may conveniently have its representatives present. If the required notice of a meter test has been given and the party receiving such notice is not present or represented at the time set, the other party may proceed with the test and any necessary adjustment.

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- 14.10 ORIFICE METERS - Orifice meters and electronic flow computers will be installed and Gas quantities measured in accordance with the standards prescribed in API Manual of Petroleum Measurement Standards, Chapter 14 - Section 3 and Chapter 21 - Section 1.
- 14.11 NEW MEASUREMENT TECHNIQUES - If at any time a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted by mutual agreement between Transporter and the interconnecting Operator.
- 14.12 CORRECTION OF METERING ERRORS -
- a. If during any test of the measurement equipment, an adjustment or calibration error is found that results in an incremental adjustment to the calculated flow rate, through the meter tube, in excess of one per cent (1%) of the adjusted flow rate (using the adjusted flow rate as the per cent error equation denominator), then the previous recordings of such equipment will be corrected to zero (0) error for any period during which the error existed that is either known definitely or mutually agreed to, or if such time is not ascertainable, then back one-half (1/2) the time elapsed since the date of the last calibration, not to exceed sixteen (16) Days.
 - b. If during any test of the measuring equipment, an adjustment or calibration error is found that results in an incremental adjustment to the calculated flow rate, through the meter tube, that does not exceed one per cent (1%) of the adjusted flow rate (using the adjusted flow rate as the per cent error equation denominator) then the previous recordings will be considered to be accurate for quantity determination purposes, but such equipment will be adjusted to record accurately.

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- 14.13 FAILURE OF METERING EQUIPMENT - If, for any reason, meters are out of service or out of repair so that the amount of Gas received or delivered cannot be ascertained or computed from the reading thereof, the Gas received or delivered through the period such meters are out of service or out of repair will be determined and agreed upon by Transporter and the interconnecting Operator upon the basis of the data available, using the first of the following methods that is feasible:
- a. By using the registration of any check meter(s), if installed and accurately registering;
 - b. By using the registration of telemetry equipment connected to Transporter's or Operator's metering facilities, if installed and accurately registering;
 - c. By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation;
 - d. By determining the quantity of receipts or deliveries during the preceding periods under similar conditions when the meter was registering accurately.
- 14.14 PRESERVATION OF MEASUREMENT RECORDS - Upon request of either Transporter or the Operator, each party will submit to the other party records from its measuring equipment, together with calculations therefrom, for the other party's inspection, verification and copying, if desired, subject to return within thirty (30) Days after the receipt thereof. Transporter, however, shall only be required for the purposes hereof, to retain the records referred to herein for a period of two (2) Years from the date of preparation of said records, or such other period as shall be required by the Commission.

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14.15 PRIOR PERIOD ADJUSTMENTS - The cutoff for the closing of measurement is five (5) Business Days after the business Month. Prior period meter adjustments will be treated by taking the adjustment back to the production Month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business Month. Missing or late measurement data will be estimated by the measuring party, with the actual data then treated as a prior period adjustment.

Measurement data corrections will be processed within six (6) Months of the production Month, with a three (3) Month rebuttal period, in accordance with NAESB Standard 2.3.14. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. In no event will any changes be made after twenty-four (24) Months from the production Month, unless the parties mutually agree.

15. PROPERTIES AND FACILITIES -

15.1 MAINTENANCE AND OPERATION RESPONSIBILITIES - Transporter shall only be responsible for the maintenance and operation of its own System and shall not be responsible for the maintenance or operation of any other properties or facilities connected in any way with the Transportation of Gas undertaken by Transporter.

15.2 ALTERATIONS AND REPAIRS - Transporter shall have the right to interrupt the Transportation of Gas when necessary to test, alter, modify, enlarge or repair any facility or property comprising a part of, or appurtenant to, its System, or otherwise related to the operation thereof. Transporter shall endeavor to cause a minimum of inconvenience and, except in cases of emergency, shall give advance notice of its intention to interrupt the Transportation of Gas and of the expected magnitude of such interruption.

15.3 CONSTRUCTION POLICY - It will be Transporter's policy to agree to interconnect its System with any other pipeline facilities or with supply or delivery facilities on a not unduly discriminatory basis, upon a reasonable request and subject to the conditions set forth in this Section 15. Transporter's agreement to such connections will be dependent upon the operational and economic impact of the proposed connections on Transporter's System and on its ability to provide reliable service to its existing Shippers.

15.4 CONSTRUCTION OF NEW FACILITIES - Unless otherwise agreed, Transporter will construct, install, own, maintain and operate any additions or expansions to its existing System as it is configured on the date the Commission issues a certificate of public convenience and necessity for the initial construction of the Discovery Gas Transmission LLC pipeline. Unless otherwise agreed, the

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party or parties requesting additional facilities, including but not limited to lateral lines, and any pipeline interconnects, shall pay all costs for the construction and installation, including all costs involved in the filing of applications, pursuing approvals and obtaining all licenses and permits (including environmental) required for construction of facilities or implementation of services, and any amounts necessary to reimburse any costs, including any income taxes that may be incurred by Transporter as a result of construction contributions.

- 15.5 RESPONSIBILITIES OF INTERCONNECTING PARTY - Unless otherwise agreed by Transporter, a party requesting the addition of facilities to connect Gas supply or delivery facilities or a party requesting an interconnection with existing or proposed pipeline facilities will be responsible for installing, maintaining, and operating the necessary metering and regulating facilities, including emergency flow control equipment, all of which must be acceptable to Transporter. Metering and regulating facilities are to be installed at a location which, in Transporter's reasonable judgment, is practical, convenient and readily accessible. The interconnecting party shall provide the exhibits necessary to support any needed Commission filings, or permits required by any other governmental agency. The interconnecting party must execute an interconnection agreement with Transporter prior to the commencement of any construction or service.

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- 15.6 LIQUIDS HANDLING - In order to properly apportion the liquid hydrocarbons injected by Shippers into Transporter's System, no liquid hydrocarbons may be removed from Transporter's System unless all such liquid hydrocarbons are reinjected. Therefore, any downstream facility that seeks an interconnection with Transporter at any point where Transporter's System contains liquid hydrocarbons or Condensates must agree to provide liquids handling and separation facilities at the point of interconnection and to reinject into Transporter's System all liquid hydrocarbons and Condensates attributable to such System. The interconnecting party's facilities, and the operation thereof, must meet industry standards and be subject to Transporter's approval.
- 15.7 QUALITY CONTROL AND ELECTRONIC COMMUNICATION EQUIPMENT - Transporter shall have the right to collect from the Operator of any interconnecting facilities the cost of any Gas analysis, quality control and/or electronic communication equipment that Transporter, in its reasonable discretion, determines is required at any Receipt or Delivery Point(s) to monitor the quality and quantity of Gas received or delivered by Transporter.
- 15.8 INSTALLATION OF FLOW CONTROL EQUIPMENT - Transporter may construct, install, and operate flow control equipment, telemetry equipment or electronic flow computers, at any location on its System, whenever Transporter determines, in its reasonable judgment, that such equipment will contribute to the safe, reliable, efficient and orderly operational integrity of its System.
- 15.9 REGULATORY PRECEDENCE - Nothing in this Section 15 shall require Transporter to file, or not to file, an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act or to construct, or not to construct, authorized facilities under the terms of its blanket Transportation certificate. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission.

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16. RATE FILING

16.1 RATE FILINGS - Transporter reserves the right to file revisions, additions, deletions, or changes to its rates, rate schedules, forms of Service Agreements, or General Terms and Conditions, at any time and for any reason, and to place such revisions, additions, deletions, or changes into effect, subject to receiving the necessary approvals or authority. Shipper shall have the right to protest such filings in any forum provided by the Commission for such action.

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17. CONTEMPORANEOUS COMMUNICATION OF INFORMATION

17.1 INFORMATION AVAILABLE - Transporter will maintain all information required pursuant to Section 250.16 of the Commission's Regulations and NAESB Standard 4.3.6, plus additional information Transporter determines to be beneficial to its Shippers and potential Shippers. Such information will include, but not be limited to:

- a. Availability and pricing of Transportation services;
- b. All uncommitted capacity on Transporter's System available for Firm and Interruptible Transportation services, including Firm capacity becoming available but subject to an existing Firm Shipper's right of first refusal;
- c. Operational Flow Orders indicating the events or conditions threatening the operational integrity of Transporter's System or limiting Transporter's ability to provide efficient and reliable Transportation services, anticipated duration of the OFO and affected segments of Transporter's System, and specific actions required by Shippers necessary to comply with an OFO.
- d. All information related to capacity release, including offers to release capacity, bids for Released Capacity, posting of winning and losing bids, and offers to purchase capacity;
- e. A listing of each Receipt and Delivery Point, and whether the allocation method to be applied at a particular point is covered by an OBA or a Predetermined Allocation, and any changes in the allocation method at a particular point;
- f. Transporter's marketing affiliate log;

- g. Any information related to Transportation of Natural Gas on Transporter's System provided to a marketing affiliate on a contemporaneous basis by posting such information for electronic access;
- h. Transporter's log of waivers of discretionary Tariff provisions;
- i. Other information of major importance regarding Transporter's Transportation services;
- j. Transporter's Index of Firm Customers;
- k. Transporter's FERC Gas Tariff.

Each Month, Transporter will review and purge outdated information from its Internet web site (web site).

17.2 ELECTRONIC ACCESS OF INFORMATION - Transporter will provide twenty-four (24) hour electronic access to the information described in Subsection 17.1 through Transporter's Internet web site (web site). Information is available at no charge by Transporter to the user and may be accessed on Transporter's web site using a personal computer with a modem. Information on the web site may be downloaded by a user. The documents identified in NAESB Standard 4.3.6 are available in hyper-text mark-up language (HTML) format.

Transporter will support third-party VAN connections with the same information handling and response priority as for persons using standard Internet services. All third-party value added network (VAN) charges will be the responsibility of the third-party. Transporter will charge an initial set-up fee of two hundred dollars (\$200.00).

Upon written request, Transporter will furnish, within seven (7) calendar days, a cross-reference table for numeric designations in electronic format. The party requesting this information agrees to pay Transporter thirty dollars (\$30.00) for the cost of shipping and handling.

- 17.3 TRADITIONAL ACCESS OF INFORMATION - Information described in Subsection 17.1 will be available for public inspection at Transporter's offices during normal business hours. Upon written request, Transporter will mail copies of this information to interested persons within seven (7) Days. The party requesting information agrees to pay Fifty Dollars (\$50.00) for the cost of providing the requested information.
- 17.4 ARCHIVED INFORMATION - Transporter will archive daily back-up records of the information displayed on its Internet web site (web site) and maintain such records for a period of three (3) Years. Parties interested in reviewing historical information must identify and request in writing the daily back-up information they are interested in reviewing. Upon receiving a written request, Transporter will collect the daily back-up information requested and make it available to the requesting party, either electronically or in hard-copy form within seven (7) Days. The party requesting information agrees to pay Fifty Dollars (\$50.00) for the cost of gathering the requested information and making the information available, whether such information is provided in hard-copy or electronic format.
- 17.5 MAINTENANCE OF Internet web site (web site) - Information maintained on Transporter's Internet web site (web site) is divided into several documents in order to provide separate access to particular topics of interest. Transporter will take necessary steps to ensure ease of use of the web site and that it operates in a manner which facilitates the dissemination of available information.
- 17.6 MAILING LIST - Transporter will maintain a mailing list to communicate to Shippers and potential Shippers any information of major importance regarding Transporter's Transportation services. The mailing list will include all current Shippers, all persons who have pending requests for Transportation or for information regarding Transporter's Transportation services, and other persons who Transporter determines may be interested in such information.
- 17.7 ANNOUNCEMENTS - Any information Transporter determines to be of major importance regarding its Transportation services will be mailed to all persons on Transporter's current mailing list.

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Effective on: August 1, 1998

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18. STANDARDS OF CONDUCT; COMPLAINT PROCEDURES

- 18.1 INFORMATIONAL POSTINGS - Transporter shall post on its Internet Web Site its procedures for implementation of and compliance with and information required by the Commission's Standards of Conduct. Such information will include organizational charts (including a listing of Transporter's energy affiliates), information on shared facilities and shared operating personnel, rate discounts granted and notice of waivers and/or exercises of discretion in the application of Transporter's Tariff provisions, and will be updated as required by the Commission.
- 18.2 SHIPPER COMPLAINTS - Any Shipper or potential Shipper (hereafter Complainant) who believes that Transporter has unduly discriminated against that Complainant, may file a complaint with Transporter. All complaints must be in writing and be sent to Transporter. Such complaint must list all alleged discriminatory practices or unfair treatment and provide all evidence supporting the allegations.
- 18.3 TRANSPORTER INVESTIGATION - Upon receipt of a written complaint, Transporter shall date-stamp such complaint and acknowledge receipt of the complaint by letter within two (2) Business Days. Transporter will promptly begin to review and attempt to resolve the complaint.
- 18.4 DISCUSSION OF COMPLAINTS - Transporter will make available a representative to discuss the allegations with the Complainant at Transporter's offices during normal business hours within five (5) Business Days of receipt of a complaint. The purpose of such a meeting is to attempt to informally resolve any problems and/or continue the gathering of facts and information concerning the alleged undue discrimination or unfair treatment.
- 18.5 RESPONSE TO COMPLAINTS - Transporter will provide a written response to all complaints within thirty (30) Days of the receipt of the written complaint as described in Subsection 18.2. It is Transporter's policy to comply with all applicable regulations while continuing to work with its customers to resolve any concerns regarding its Transportation services. Transporter's goal is to resolve all complaints on an informal basis knowing that most problems are based on misunderstandings, rather than any willful violation of the Commission's regulations.

19. [Reserved for Future Use]

20. LIABILITY AND WARRANTY

20.1 POSSESSION AND CONTROL - Transporter will be deemed to be in control and possession of the Gas transported hereunder only when and to the extent that such Gas is in and is being handled by the facilities owned, leased or operated by or for Transporter as set forth herein for the performance of Transporter's obligations under any Effective Service Agreement. Shipper will be deemed to be in control and possession of the Gas prior to its receipt by Transporter at the Receipt Point and after delivery by Transporter at the Delivery Point. The party in control and possession of the Gas will be responsible for and shall indemnify the other party with respect to any losses, injuries, claims, liabilities or damages caused thereby and occurring while the Gas is in its possession.

20.2 LIMITATION OF LIABILITY - Neither party to any Effective Agreement entered into under the terms of this FERC Gas Tariff shall be liable to the other party for any indirect, special, consequential, or punitive damages, including lost profits, whether asserted under tort, contract, or other theories of law.

20.3 WARRANTY AND TITLE - Shipper hereby warrants it will have good title or the good right to receive or deliver Gas, and that such Gas will be free and clear of all liens and adverse claims; and Transporter and Shipper each agree, with respect to the Gas received or delivered by it, to indemnify the other against all suits, actions, debts, accounts, damages, costs (including attorneys' fees), losses, and expenses arising from or out of any adverse claims of any and all persons to or against said Gas.

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- 20.4 STANDARD OF PERFORMANCE - Transporter shall operate its pipeline System as a prudent pipeline operator would and in such capacity shall have full operational control of all components of its pipeline System. Pursuant to this standard, Transporter may use commingled supplies of Natural Gas and Condensates of all Shippers in providing services to other Shippers, but such use of commingled supplies of Natural Gas and Condensates will not relieve Transporter of its obligations to provide service in accordance with the terms of its Rate Schedules, General Terms and Conditions and Effective Service Agreements. This standard does not, however, cause Transporter to be responsible and/or liable for the actions of any third party.
- 20.5 OFF-SYSTEM CAPACITY - Transporter has, and may in the future, enter into agreements with other interstate and intrastate pipeline companies and other entities for the use of off-system capacity, including, but not limited to, capacity as part of its Expansion Facilities and capacity related to the Commission's authorizations granted in Docket Nos. CP06-425 and CP06-426. In the event that Transporter leases or acquires off-system capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers. In the event that Transporter uses off-system capacity to render service for its Shippers, it will render service to Shippers on the leased or acquired capacity pursuant to Transporter's approved FERC Gas Tariff including its authorized rate schedules and applicable rates, as such tariff, rate schedules and approved rates may change from time to time. To the extent transportation service is provided under Transporter's negotiated rate authority, Transporter shall adhere to the associated requirements therein. For purposes of transactions entered into subject to this Section 20.5, the "Shipper-Must-Have-Title" requirement is waived.
- 20.6 PROCESSING RIGHTS - Where the Shipper has rights to process the Gas requested to be received, transported and delivered by Transporter, the "Shipper-Must-Have-Title" requirement is waived.

21. FORCE MAJEURE

21.1 EFFECT OF FORCE MAJEURE - If either Transporter or Shipper is rendered unable, wholly or in part, by an event of force majeure to perform its obligations under any Effective Agreement, other than the obligation to make payments then or thereafter due, it is agreed that performance of the respective obligations of the parties thereto to receive and deliver Gas, so far as they are affected by a force majeure event, will be suspended from the inception of any such inability until it is corrected, but for no longer period. The party claiming such inability shall give notice to the other party as soon as practicable after the occurrence of the force majeure event. If such notice is first given orally, it must be confirmed in writing within five (5) Days, giving full particulars. The party claiming such inability shall promptly correct such inability to the extent it may be corrected through the exercise of reasonable diligence.

21.2 SUSPENSION OF RESERVATION CHARGES - If Transporter is rendered unable, wholly or in part, by an event of force majeure to perform its Firm Transportation obligations under any Effective FT-1 Service Agreement, Shipper shall be relieved of its obligation to make payments for reservation charges under such FT-1 Service Agreement applicable to that portion of the FT-1 Transportation service that is affected by an event of force majeure, from the inception of Transporter's inability to perform its Firm Transportation obligations until the inability is corrected, but for no longer period. Shipper shall remain obligated to make payments for all or any portion of reservation charges applicable to service made available under an Effective FT-1 Service Agreement when Transporter is capable, wholly or in part, of performing its service obligations and Transporter's ability to perform such obligations is not affected by an event of force majeure.

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- 21.3 TERM EXTENSION - The term of any Effective Agreement will not be extended beyond its normal termination date by any periods of time during which performance is suspended due to an event of force majeure.
- 21.4 LIABILITY - Neither party shall be liable to the other for any consequential or financial losses or damages, regardless of the nature thereof and howsoever occurring, whether such losses or damages be direct or indirect, immediate or remote, by reason of, caused by, arising out of, or in any way attributable to the suspension of performance of any obligation of either party when such suspension occurs because a party is rendered unable, wholly or in part, by an event of force majeure, to perform its obligations.
- 21.5 NATURE OF FORCE MAJEURE - The term "force majeure" as used herein shall mean, cover and include the following:
- a. Acts of God including, without limitation, epidemics, landslides, hurricanes, floods, washouts, lightning, earthquakes, storm warnings, perils of the sea, extreme heat or extreme cold, any other adverse weather conditions, and threats of any of the foregoing, and whether preceded by, concurrent with, or followed by acts or omissions of any human agency, whether foreseeable or not, which may directly or indirectly contribute to or result in either party's inability to perform its obligations.
 - b. Acts of Government including, without limitation, laws, orders, rules, decrees, judgments, judicial actions, regulations, acts of arrest or restraint, and any threats of any of the foregoing, by any government (de jure or de facto), or any agency, subdivision, or instrumentality thereof, having, claiming or asserting authority or jurisdiction over the severance, production, gathering, Transportation, handling, sale, receipt or delivery

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under any Effective Agreement or over materials, equipment, supplies or personnel necessary to the severance, production, gathering, Transportation, handling, sale, receipt or delivery under any Effective Agreement when any such Act of Government directly or indirectly contributes to or results in either party's inability to perform its obligations.

- c. Acts of Civil Disorder including, without limitation, acts of sabotage, acts of the public enemy, acts of war (declared or undeclared), blockades, insurrections, riots, mass protests or demonstrations, and threats of any of the foregoing, and police action in connection with or in reaction to any such Acts of Civil Disorder, when any such Acts of Civil Disorder directly or indirectly contribute to or result in either party's inability to perform its obligations.
- d. Acts of Industrial Disorder including, without limitation, strikes, lockouts, picketing, and threats of any of the foregoing, when any such Acts of Industrial Disorder directly or indirectly contribute to or result in either party's inability to perform its obligations, provided, however, that the settlement of any labor dispute to prevent or end any such Acts of Industrial Disorder shall be within the sole discretion of the party to any Effective Agreement involved in such labor dispute, and the above requirement that any inability shall be corrected with reasonable diligence, shall not apply to labor disputes.
- e. Failure of facilities including, without limitation, freezing of lines of pipe, failures resulting from fires, washouts, mechanical breakdowns of, malfunctions of, or necessities for making repairs or alterations to furnaces, reactors, plant installations, machinery, lines of pipe, pumps,

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compressors, valves, gauges or any of the equipment therein or thereon, when any such failure of facilities, directly or indirectly, contributes to or results in either party's inability to perform its obligations, and regardless of whether such failure of facilities may have resulted from fault, negligence, omission, or inadvertence, directly or indirectly, of either party hereto, or by any person acting on its behalf or under its direction.

- f. Inability to obtain or acquire at reasonable cost grants, servitudes, rights of way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials and supplies to construct, maintain and operate any facilities required for the performance of any obligations under any Effective Agreement when any such inability, directly or indirectly, contributes to or results in either party's inability to perform its obligations.
- g. Any occurrence, condition, situation, or threat thereof, not covered by Subsections 21.5.a. through 21.5.f., which renders either party unable to perform its obligation, provided such occurrence, condition, situation, or threat thereof, is not under or within the control of the party claiming such inability, and provided such party could not have prevented such occurrence, condition, situation, or threat thereof, by the exercise of reasonable diligence.

22. ASSIGNMENT

22.1 ASSIGNMENT - Neither party shall assign a Service Agreement or any portion of its rights to Transportation thereunder except as expressly stated in this Section 22. All covenants, stipulations, terms, conditions, obligations, and provisions of an Effective Service Agreement will extend to, be binding upon, and inure to the benefit of the respective successors, permitted assigns, and legal representatives of the parties. The permitted assignments of a Service Agreement or rights thereunder (including, without limitation, related discount agreements or reserve dedication agreements) include:

- a. Any person that succeeds by purchase, merger, or consolidation to the interests or properties of Transporter or Shipper affecting the disposition of Gas in whole or substantial portion, including, without limitation, any successor in interest to production that has been dedicated to Transporter's system, shall be subject to the rights and obligations of its predecessors under the Effective Service Agreement and the assignor agrees to bind its successor, transferee or permitted assignee to the terms and conditions of the Effective Service Agreement.
- b. Either Transporter or Shipper may assign or pledge an Effective Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, assignment, receivable sale, or similar instrument that it has executed or may execute hereafter.
- c. Transporter or Shipper may assign an Effective Service Agreement to an affiliate.
- d. Shipper may release FT-1 capacity on a permanent or temporary basis in accordance with the provisions of Section 11 of the General Terms and Conditions.

23. WAIVER

23.1 DISCRETIONARY WAIVER - Transporter may waive any of its rights hereunder or any obligations of Shipper as to any specific default that has already occurred, or case-by-case in advance as to any specific, temporary operational problem, on a basis that is not unduly discriminatory.

23.2 NON-WAIVER - Notwithstanding the foregoing, no waiver by either Transporter or Shipper of any one or more defaults by the other in performance of any of the provisions of an Effective Service Agreement shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

24. DESCRIPTIVE HEADINGS

24.1 DESCRIPTIVE HEADINGS - The descriptive headings of the provisions used in this FERC Gas Tariff, these General Terms and Conditions, or in any Effective Service Agreement for service under a Rate Schedule contained in this FERC Gas Tariff are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provision.

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25. NAESB STANDARDS - To the extent required by the Commission, Transporter complies with the Business Practice and Electronic Communication Standards promulgated by the North American Energy Standards Board. In addition, Transporter has adopted and will use the NAESB Model Trading Partner Agreement.

The following standards are incorporated herein by reference:

- 25.1 Additional Standards (version 1.7): 0.1.1, 0.1.2, 0.3.1 through 0.3.10
- 25.2 Nominations Related Standards (version 1.7): 1.1.1 through 1.1.5, 1.1.9, 1.1.12, 1.1.14 through 1.1.18, 1.1.22, 1.2.1 through 1.2.6, 1.2.8 through 1.2.19, 1.3.1, 1.3.2(vi), 1.3.3 through 1.3.9, 1.3.11, 1.3.13 through 1.3.16, 1.3.19 through 1.3.46, 1.3.51, 1.3.75.
- 25.3 Flowing Gas Related Standards (version 1.7): 2.1.1 through 2.1.6, 2.2.1, 2.2.3 through 2.2.5, 2.3.1 through 2.3.23, 2.3.25 through 2.3.31, 2.3.45 through 2.3.50, 2.3.54 through 2.3.64.
- 25.4 Invoicing Related Standards (version 1.7): 3.1.1, 3.1.2, 3.2.1, 3.3.1 through 3.3.22, 3.3.25, 3.3.26.
- 25.5 Electronic Delivery Mechanism Standards (version 1.7; Recommendation R03035A; 2004 Annual Plan Item 2 FERC Order 2004 and 2005 Annual Plan Item 8 (May 3, 2005) (Affiliate Order standards)): 4.1.2 through 4.1.4, 4.1.6, 4.1.7, 4.1.9, 4.1.10, 4.1.12, 4.1.13, 4.1.15 through 4.1.21, 4.1.29, 4.1.30, 4.1.40, 4.2.1 through 4.2.9, 4.2.14, 4.2.15, 4.3.1 through 4.3.3, 4.3.5, 4.3.7, 4.3.8, 4.3.10 through 4.3.18, 4.3.20, 4.3.22 through 4.3.38, 4.3.40, 4.3.41, 4.3.45, 4.3.73, 4.3.87, 4.3.89 through 4.3.92.
- 25.6 Capacity Release Related Standards (version 1.7): 5.1.2, 5.1.3, 5.2.1 through 5.2.3, 5.3.1, 5.3.3 through 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.13 through 5.3.30, 5.3.35 through 5.3.42, 5.3.44 through 5.3.47, 5.3.49 through 5.3.60.

26. DISCOUNTING

26.1 Transporter may at any time, and in its sole discretion, selectively discount the rate applicable to any Shipper under the FT-1, FT-2 and IT Rate Schedules set forth in this Tariff. Discounts will be applied only to the Reservation Rate for FT-1 service and to the Usage Rate for FT-2 and IT service. Such discounted rate(s) shall not be less than the Minimum Rate for the applicable service as set forth in the currently effective Statement of Transportation Rates of this Tariff. Such discounts shall not constitute material deviations from Transporter's pro forma Service Agreement.

Among other methods, a discounted rate may be based on published index prices for specific receipt and/or delivery points or other agreed upon published pricing reference points (such discount rate may be based upon the differential between published prices or arrived at by formula).

Any agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., Reservation Rate or Usage Rate or both). To the extent the Reservation Rate is discounted, the index price differential rate formula shall be calculated to state a rate per MDRQ. Furthermore, such discount shall not change the underlying rate design or include any minimum bill or minimum take provisions that has the effect of guaranteeing revenue.

In addition, the discount agreement may include a provision that if one rate component, which was at or below the applicable maximum rate at the time the discount agreement was executed, subsequently exceeds the applicable maximum rate or is less than the applicable minimum rate due to a change in Transporter's maximum (minimum) rates so that such rate component must be adjusted downward (upward) to equal the new applicable maximum (minimum) rate, then other rate components may be adjusted upward (downward) to achieve the agreed overall rate, so long as the net of the resulting rate components do not exceed the maximum rate or are not less than the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sheets. If Transporter is unable to adjust rate components to achieve the agreed overall rate or if the Commission determines that a particular discount is unlawful, then Transporter and Shipper shall agree to a new rate within thirty (30) days of Transporter providing notice to Shipper that such discounted rate requires renegotiation or the underlying service agreement shall be terminated upon expiration of the thirty-day (30) renegotiation period. Nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

A discount agreement may also include a provision that (i) if the agreed-to rate would otherwise exceed the applicable maximum rate, the excess will be kept track of by Transporter and charged Shipper at a later time when the discount rate is below the applicable maximum rate, (ii) if Shipper agrees to pay more than the discount rate in order not be interrupted, the additional amount paid will be kept track of by Transporter and deducted from the discounted rate otherwise charged Shipper at a later time when Shipper would not be interrupted, and (iii) to the extent Transporter makes a payment to Shipper (for example, but not limited to contributions in aid of construction and refunds of net cash-out revenue), Transporter may increase the discount rate otherwise charged Shipper at a later time. In all cases, Shipper will not be charged a rate exceeding the applicable maximum rate or below the applicable minimum rate.

A discount rate may apply:

- (a) only to specified quantities under Shipper's Service Agreement(s);

- (b) only if specified quantities are achieved with respect to quantities below or above a specified level (with maximum rates applicable to volumes above specified quantities or to all quantities if specified quantities are never achieved);
- (c) only in a specified relationship to quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to the quantities actually transported);
- (d) only during specified periods of the year or over specifically-defined periods of time;
- (e) only to specified Receipt Points or Delivery Points, markets, or other defined geographical areas; and/or
- (f) only to production reserves committed by Shipper currently, and/or in the future, for transportation by Transporter.

27. LIMITED SECTION 4 HURRICANE MITIGATION AND RELIABILITY ENHANCEMENT SURCHARGE ("HMRE SURCHARGE")

27.1 PURPOSE AND APPLICABILITY - Transporter shall have the right to seek recovery, through a limited Natural Gas Act Section 4 filing, all capital costs and related operation and maintenance expenditures, as defined in Section 27.2, made by Transporter in connection with efforts to mitigate the cost of damage to facilities caused by hurricanes (or other natural disasters including but not limited to tornados, rogue waves, erosion and mudslides (hereinafter, "Natural Disasters")), to maintain system reliability during and immediately after hurricanes (or other Natural Disasters), to repair and remediate facilities damaged by hurricanes (or other Natural Disasters) and to enhance overall system reliability. The HMRE Surcharge shall be collected through a volumetric surcharge applicable to all transportation service provided pursuant to Transporter's Rate Schedules FT-1, FT-2 and IT (and any other transportation service provided by Transporter) through the Mainline Facilities. The HMRE Surcharge shall apply to, and be paid in addition to, the rates applicable to such transportation service qualifying for any rate discount or provided under any negotiated rate agreement.

27.2 DEFINITION OF QUALIFYING EXPENDITURES - Capital expenditures and operation and maintenance expenditures ("Qualifying HMRE Expenditures") that qualify for inclusion in the HMRE Surcharge shall include:

- a. Property damage insurance purchase costs in excess of \$509,575;
- b. Deductible (uncovered) amounts on any such property damage insurance claim;
- c. Smart pigging operations and related pipeline modifications (including but not limited to cleaning and sizing pigs; the installation and use of pig launchers and receivers not already installed at certain points along the System; the removal of any restrictions or obstructions that would impede the pig, such as the installation or removal of certain valves, dents or bends in the pipeline; any digs necessary to analyze anomaly readings and backfills; and any repair or replacements required);

- d. Construction modifications and repairs of pipeline shore approaches, levee crossings and other water/land interfaces including pipeline modifications, burials and matting (including but not limited to the removal of restrictions or obstructions; recoating, repairing, relocating or replacing lines of pipe or equipment; improvements of fencing and physical barriers; engineering support; and activities required by governmental agencies with jurisdictional authority over facilities or activities of the System and rights-of-way); and
- e. Post-hurricane (or Natural Disaster) inspections not covered by insurance (including but not limited to inspections from helicopters, remote-operated vehicles and dive boats; sonar surveys and hydrostatic testing or other assessments; engineering support; and additional inspections required by governmental agencies with jurisdictional authority over portions or activities of the System and rights-of-way).

27.3 EFFECTIVE DATE AND FILING OF HMRE SURCHARGE -

- a. The effective HMRE Surcharge shall be shown on Transporter's Tariff Sheet No. 20. The effective date of each HMRE Surcharge shall be January 1 of each year.
- b. Subsequent to the initial filing implementing Transporter's HMRE Surcharge, Transporter shall file with the Commission (at least thirty (30) days prior to the effective date of the new HMRE Surcharge but no later than November 15) and post, as defined by Section 154.2(d) of the Commission's Regulations, the HMRE Surcharge with supporting documentation. With respect to the adjustment described herein, such filing shall be in lieu of any other rate change filing required by the Commission's Regulations under the Natural Gas Act and shall not be suspended beyond the next December 31. With each such filing, Transporter shall include a detailed written description of all Qualifying HMRE Expenditures in its filing (except for any expenditure carried forward from a prior filing), with an explanation of how each such expenditure qualifies for inclusion in the HMRE Surcharge in accordance with Sections 27.1 and 27.2 above. Subject to approval by the Commission, Transporter may seek confidential treatment of any portion of the filing.

- c. Shippers shall have the right to challenge Transporter's HMRE Surcharge filings only with respect to: (1) whether the expenditures included are Qualifying HMRE Expenditures; (2) whether the Qualifying HMRE Expenditures were prudently incurred; and (3) whether the HMRE Surcharge is properly calculated.

27.4 CALCULATION OF THE HMRE SURCHARGE -

- a. Transporter shall establish and maintain an HMRE Deferred Cost Account with its initial balance equal to the sum of the Qualifying HMRE Expenditures for the twelve-month period ending September 30, 2007. For each billing month thereafter and to ensure a true-up of the Qualifying HMRE Expenditures, the HMRE Deferred Cost Account shall be (1) debited by the actual Qualifying HMRE Expenditures incurred after September 30, 2007, (2) credited by the HMRE Surcharge amounts collected by Transporter, and (3) debited or credited, as appropriate, by the carrying charges on the balance in the HMRE Deferred Cost Account, calculated in accord with Section 154.501 of the Commission's Regulations.
- b. Any capital costs that are Qualifying HMRE Expenditures shall be recovered as expenses through the HMRE Deferred Cost Account without any associated return (other than carrying charges as provided for in Section 27.4.a above), depreciation or taxes.
- c. The subsequent HMRE Surcharges, to be effective January 1 of each year, shall equal (1) the balance in the HMRE Deferred Cost Account (including carrying charges) as of the prior September 30, divided by (2) projected transportation throughput on Transporter's Mainline Facilities for the period January 1 through December 31.
- d. The HMRE Surcharge shall not exceed \$0.05 per Dt. However, the \$0.05 per Dt cap will not serve to limit the recovery of any Qualifying HMRE Expenditures credited to the HMRE Deferred Cost Account.

28. [Reserved for Future Use]

29. NEGOTIATED RATES

Transporter and Shipper may mutually agree on a Negotiated Rate (including but not limited to surcharges, credits or refunds or return of refunds or credits).

29.1 CAPACITY RELEASE

The Capacity Release provisions contained within this FERC Gas Tariff shall not apply to a Shipper receiving firm transportation service with a Negotiated Rate that does not include a reservation rate.

29.2 RECORD KEEPING

Transporter will maintain separate records of Negotiated Rate transactions for each billing period. These records shall include the quantities transported, the billing determinants, the rates charged and the revenue received associated with such transactions. Transporter will separately identify such transactions in Statement G, I and J (or their equivalent) filed in any general rate proceeding.

29.3 FILING REQUIREMENT

Transporter will file no later than the Business Day service commences under a Negotiated Rate Service Agreement, or if the day on which service commences is not a Business Day, then no later than the next Business Day after service commences, a tariff sheet reflecting the shipper's exact legal name, applicable rate schedule, Negotiated Rate or underlying formula, the term of the Negotiated Rate Service Agreement, quantities to be transported, primary points of receipt and delivery to which Negotiated Rate applies and other terms or consideration. Unless expressly noted, Negotiated Rate Service Agreements will not deviate in any material respect from the form of Service Agreements.

29.4 EFFECT OF NEGOTIATED RATE

By agreeing to a Negotiated Rate, Shipper acknowledges that the otherwise generally applicable maximum recourse rate shall not apply or be available to Shipper for service under the applicable Service Agreement during the period for which the Negotiated Rate is effective, notwithstanding any adjustment to such generally applicable maximum recourse rate which may become effective during the period for which the Negotiated Rate is effective. If, at any time during the period for which the Negotiated Rate is effective, Transporter is collecting its effective maximum recourse rate subject to refund under Section 4 of the Natural Gas Act, Transporter shall have no refund obligation to Shipper even if the final maximum recourse rate is reduced to a level below the Negotiated Rate.

29.5 LIMITATIONS

This Section 29 does not authorize the negotiation of terms and conditions of service.

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-1 RATE SCHEDULE

THIS AGREEMENT ("Service Agreement") is made this ____ day of _____, ____, between Discovery Gas Transmission LLC, a Delaware limited liability company, hereinafter referred to as "Transporter", and _____, a _____, hereinafter referred to as "Shipper".

ARTICLE I

1. GAS TO BE TRANSPORTED

- 1.1 Subject to the terms and provisions of this Service Agreement and Transporter's FT-1 Rate Schedule, Transporter agrees to accept such quantities of Gas as Shipper may cause to be tendered to Transporter at: (i) the Primary Receipt Point(s), designated pursuant to Subsection 2.1 of Article II, (ii) any Primary Receipt Point(s) for quantities in excess of the MDQs for each Primary Receipt Point set forth in Exhibit A on the same priority basis as an Alternate Receipt Point, or (iii) any Alternate Receipt Point(s) nominated by Shipper, on any Day during the term of this Service Agreement; provided, however, that Transporter shall only be obligated to accept on any Day for Transportation hereunder that quantity of Gas Transporter determines it has Available Capacity to receive, transport, and deliver, and provided further that in no event shall Transporter be obligated to transport Gas on any Day in excess of the MDQs for any Primary Receipt Point or in excess of the MDRQ-Mainline or MDRQ-Expansion, as appropriate, set forth in Exhibit B.
- 1.2 If on any Day Transporter should determine that the remaining Transportation capacity of the Mainline Facilities or Expansion Facilities, as appropriate, on its System, after it has transported Gas for Shippers with superior rights to Transportation, is insufficient to transport all

quantities of Gas under similar Transportation agreements entitled to similar Transportation services, Transporter shall allocate the available Transportation capacity on the basis set forth in Section 6 of the General Terms and Conditions incorporated by reference in Transporter's FT- 1 Rate Schedule.

- 1.3 Subject to the terms and provisions of this Service Agreement and Transporter's FT-1 Rate Schedule, Transporter shall deliver for the account of Shipper and Shipper shall accept at: (i) the Primary Delivery Point(s) referenced in Subsection 2.2 of Article II, (ii) any Primary Delivery Point(s) for quantities in excess of the MDQs for each Primary Delivery Point set forth in Exhibit B on the same priority basis as an Alternate Delivery Point, or (iii) any Alternate Delivery Point(s) nominated by Shipper, an Equivalent Quantity of Gas, less appropriate reductions for Fuel, Lost and Unaccounted for Gas, to the total quantity of Gas received by Transporter for the account of Shipper at the Primary and Alternate Receipt Point(s) for Transportation hereunder; provided, however, that in no event shall Transporter be obligated to deliver Gas on any Day in excess of the MDQs for any Primary Delivery Point set forth in Exhibit B or in excess of Shipper's MDRQ-Mainline or MDRQ-Expansion, as appropriate, set forth in Exhibit B.

ARTICLE II

2. RECEIPT POINT(S), DELIVERY POINT(S) AND PRESSURES

- 2.1 The Primary Receipt Point(s) at which Shipper shall cause Gas to be tendered to Transporter for Transportation hereunder are described in Exhibit A to this Service Agreement. Other pertinent factors applicable to the Primary Receipt Point(s) are also set forth in Exhibit A. Alternate Receipt Point(s), at which Shipper may cause Gas to be tendered to Transporter for Transportation hereunder, shall include all Receipt Points along the Mainline Facilities or Expansion Facilities, as appropriate, of Transporter's System, subject to the availability of capacity at such Receipt Points.

- 2.2 The Primary Delivery Point(s) at which Transporter shall deliver Equivalent Quantities of Gas transported hereunder, after appropriate reductions for Fuel, Lost and Unaccounted for Gas, are described in Exhibit B to this Service Agreement. Other pertinent factors applicable to the Primary Delivery Point(s) are also set forth in Exhibit B. Alternate Delivery Point(s), at which Transporter may deliver Gas for the account of Shipper, shall include all Delivery Points along the Mainline Facilities or Expansion Facilities, as appropriate, of Transporter's System, subject to the availability of capacity at such Delivery Points.
- 2.3 Shipper shall cause Gas to be delivered to Transporter at Receipt Point(s) at a pressure sufficient to allow the Gas to enter Transporter's System as such pressure may vary from time to time and place to place. Transporter shall not be required to compress Gas in order to receive Gas into the Mainline Facilities or Expansion Facilities, as appropriate, of its System.
- 2.4 Transporter shall deliver Gas at each Delivery Point for the account of Shipper at the pressure which shall be available from time to time in the Mainline Facilities or Expansion Facilities, as appropriate, of Transporter's System.

ARTICLE III

3. RATE(S), FT-1 RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS
- 3.1 Unless Shipper and Transporter have agreed in writing to a discounted rate or a Negotiated Rate (as set forth in Exhibit D), Shipper shall pay Transporter for services rendered hereunder in accordance with Transporter's FT-1 Rate Schedule, or superseding rate schedule(s), on file with and subject to the jurisdiction of the Commission and lawfully in effect from time to time to include, without limitation, all applicable charges set forth in such FT-1 Rate Schedule which apply to service rendered under this Service Agreement.

- 3.2 Transporter shall have the right, from time to time, to file and to seek Commission approval, pursuant to Section 4 of the Natural Gas Act, or other relevant authority to change any rates, charges or provisions set forth in its FT-1 Rate Schedule or its General Terms and Conditions. Transporter shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Service Agreement shall be deemed to include such changes which become effective by operation of law or by Commission order, without prejudice to Shipper's right to protest the same.
- 3.3 This Service Agreement in all respects is subject to the provisions of Transporter's FT-1 Rate Schedule, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in such FT-1 Rate Schedule filed by Transporter with the Commission, all of which are by reference made a part hereof.
- 3.4 Any changes or additions to this Service Agreement are set forth in Exhibit C.

ARTICLE IV

4. REGULATORY REQUIREMENTS AND CONDITIONS PRECEDENT
- 4.1 The Transportation arrangements provided for in this Service Agreement are subject to the provisions of Part 284 of the Commission's regulations, as amended from time to time.
- 4.2 Transportation of Gas provided for under the terms and provisions of this Service Agreement shall not commence until the following conditions have been met:
- a. Any construction, acquisition, or expansion of facilities necessary to commence Transportation has been completed;

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194

- b. Any certificate or regulatory authorization for the use of facilities necessary to commence Transportation has been obtained;
- c. Any force majeure event preventing Transporter from performing its obligations under this Service Agreement has been remedied; and
- d. Shipper satisfies Transporter's creditworthiness criteria in accordance with Section 10 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE V

5. TERM

5.1 This Service Agreement shall be effective _____.

5.2 After this Service Agreement becomes effective, it shall continue in full force and effect _____.

ARTICLE VI

6. CANCELLATION OF PRIOR CONTRACTS

6.1 When this Service Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following Service Agreements between the parties hereto for the Transportation of Gas by Transporter for Shipper:

ARTICLE VII

7. NOTICES

7.1 Any formal notice, request or demand that either party gives to the other regarding this Service Agreement shall be in writing and shall be mailed by first class, registered or certified mail, or be delivered in hand, to the following address of the other party:

Transporter: Discovery Gas Transmission LLC

Shipper:

or to such other address as either party may designate by formal written notice. Routine communications may be sent by ordinary mail or by facsimile. Operational communications by telephone, facsimile or other mutually agreeable means will be considered as duly delivered without further written confirmation, unless specifically required otherwise by Transporter's FERC Gas Tariff.

7.2 Written nominations to schedule Transportation service hereunder shall be communicated to Transporter as follows:

Discovery Gas Transmission LLC

- 7.3 Electronic transfer payments to Transporter shall be accompanied with the instructions "To Credit the Account of Discovery Gas Transmission LLC" and shall be sent _____.
- 7.4 Remittance detail supporting electronic transfer payments to Transporter and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

Discovery Gas Transmission LLC

ARTICLE VIII

8. MISCELLANEOUS

- 8.1 Transporter and Shipper expressly agree that the laws of the State of Louisiana shall govern the validity, construction, interpretation and effect of this Service Agreement and of the General Terms and Conditions incorporated by reference in Transporter's FT-1 Rate Schedule.
- 8.2 Unless otherwise provided by the terms of a separate written agreement, all substances, whether or not of commercial value, including all liquid hydrocarbons or Condensates of whatever nature, that Transporter recovers in the course of transporting the quantities of Gas

tendered hereunder by Shipper shall be Transporter's sole property and Transporter shall not be obligated to account to Shipper for any value, whether or not realized by Transporter, that may attach or be said to attach to such substances.

- 8.3 Exhibits A, B, C and D attached to this Service Agreement, are hereby incorporated by reference as part of this Service Agreement. The parties may amend Exhibits A, B, C and D by mutual agreement, which amendments shall be reflected in a revised Exhibit A, B, C or D and shall be incorporated by reference as part of this Service Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement in duplicate originals on the Day and Year first written above.

Discovery Gas Transmission LLC

By: _____

Name: _____

Title: _____

Date: _____

[Shipper]

By: _____

Name: _____

Title: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-1 RATE SCHEDULE

EXHIBIT C

To The FT-1
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Additional or Substitute Provisions

Effective Date of this Exhibit C: _____

Supersedes Exhibit C Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-1 RATE SCHEDULE

EXHIBIT D

To The FT-1
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Negotiated Rate

Effective Period

Effective Date of this Exhibit D: _____

Supersedes Exhibit D Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Sheet Nos. 212 through 219 are reserved for future use.

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-2 RATE SCHEDULE

THIS AGREEMENT ("Service Agreement") is made this ____ day of _____, ____, between Discovery Gas Transmission LLC, a Delaware limited liability company, hereinafter referred to as "Transporter", and _____, a _____, hereinafter referred to as "Shipper".

ARTICLE I

1. GAS TO BE TRANSPORTED

- 1.1 Subject to the terms and provisions of this Service Agreement and Transporter's FT-2 Rate Schedule, Transporter agrees to accept such quantities of Gas as Shipper may cause to be tendered to Transporter at: (i) the Primary Receipt Point(s), designated pursuant to Subsection 2.1 of Article II, or (ii) any Primary Receipt Point(s) for quantities in excess of the MDQs for each Primary Receipt Point set forth in Exhibit A on the same priority basis as an Alternate Receipt Point on any Day during the term of this Service Agreement; provided, however, that Transporter shall only be obligated to accept on any Day for Transportation hereunder that quantity of Gas Transporter determines it has Available Capacity to receive, transport, and deliver and provided further that in no event shall Transporter be obligated to transport Gas on any Day in excess of the MDQs for any Primary Receipt Point or in excess of the MDVQ-Mainline or MDVQ-Expansion set forth in Exhibit B.
- 1.2 If on any Day Transporter should determine that the remaining Transportation capacity of the Mainline Facilities or Expansion Facilities, as appropriate, on its System, after it has transported Gas for Shippers with superior rights to Transportation, is insufficient to transport all quantities of Gas under similar Transportation agreements

entitled to similar Transportation services, Transporter shall allocate the Available Capacity on the basis set forth in Section 6 of the General Terms and Conditions incorporated by reference in Transporter's FT-2 Rate Schedule.

- 1.3 Subject to the terms and provisions of this Service Agreement and Transporter's FT-2 Rate Schedule, Transporter shall deliver for the account of Shipper and Shipper shall accept at: (i) the Primary Delivery Point(s) referenced in Subsection 2.2 of Article II, (ii) any Primary Delivery Point(s) for quantities in excess of the Maximum Daily Quantities for each Primary Delivery Point set forth in Exhibit B on the same priority basis as an Alternate Delivery Point, or (iii) any Alternate Delivery Point(s) nominated by Shipper, an Equivalent Quantity of Gas, less appropriate reductions for Fuel, Lost and Unaccounted for Gas, to the total quantity of Gas received by Transporter for the account of Shipper at the Primary Receipt Point(s) for Transportation hereunder; provided, however, that in no event shall Transporter be obligated to deliver Gas on any Day in excess of the MDQs for any Primary Delivery Point set forth in Exhibit B or in excess of Shipper's MDVQ-Mainline or MDVQ-Expansion set forth in Exhibit B.

ARTICLE II

2. RECEIPT POINT(S), DELIVERY POINT(S) AND PRESSURES

- 2.1 The Primary Receipt Point(s) at which Shipper shall cause Gas to be tendered to Transporter for Transportation hereunder are described in Exhibit A to this Service Agreement. Other pertinent factors applicable to the Primary Receipt Point(s) are also set forth in Exhibit A.
- 2.2 The Primary Delivery Point(s) at which Transporter shall deliver Equivalent Quantities of Gas transported hereunder, after appropriate reductions for Fuel, Lost and Unaccounted for Gas, are described in Exhibit B to this

Service Agreement. Other pertinent factors applicable to the Primary Delivery Point(s) are also set forth in Exhibit B. Alternate Delivery Point(s), at which Transporter may deliver Gas for the account of Shipper, shall include all Delivery Points located on the Mainline Facilities or the Expansion Facilities, as the case may be, subject to the availability of firm capacity to such Delivery Points and Shipper's MDVQ-Mainline or MDVQ-Expansion, respectively.

- 2.3 Shipper shall cause Gas to be delivered to Transporter at Receipt Point(s) at a pressure sufficient to allow the Gas to enter the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System as such pressure may vary from time to time and place to place. Transporter shall not be required to compress Gas in order to receive Gas into its System.
- 2.4 Transporter shall deliver Gas at each Delivery Point for the account of Shipper at the pressure which shall be available from time to time in the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System.

ARTICLE III

3. RATE(S), FT-2 RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS
- 3.1 Unless Shipper and Transporter have agreed in writing to a discounted rate or a Negotiated Rate (as set forth in Exhibit E), Shipper shall pay Transporter for services rendered hereunder in accordance with Transporter's FT-2 Rate Schedule, or superseding Rate Schedule(s), on file with and subject to the jurisdiction of the Commission and lawfully in effect from time to time, including without limitation, all applicable charges set forth in such FT-2 Rate Schedule which apply to service rendered under this Service Agreement.
- 3.2 Transporter shall have the right, from time to time, to file and to seek Commission approval, pursuant to Section 4 of the Natural Gas Act or other relevant authority, to change any rates, charges or provisions set forth in its

FT-2 Rate Schedule or its General Terms and Conditions. Transporter shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Service Agreement shall be deemed to include such changes which become effective by operation of law or by Commission Order, without prejudice to Shipper's right to protest same.

- 3.3 This Service Agreement in all respects is subject to the provisions of Transporter's FT-2 Rate Schedule, or superseding Rate Schedule(s), and applicable provisions of the General Terms and Conditions included by reference in such FT-2 Rate Schedule filed by Transporter with the Commission, all of which are by reference made a part hereof.
- 3.4 Any changes or additions to this Service Agreement are set forth in Exhibit C.
- 3.5 Total Committed Production to this Service Agreement is set forth in Exhibit D.

ARTICLE IV

4. REGULATORY REQUIREMENTS AND CONDITIONS PRECEDENT

- 4.1 The Transportation arrangements provided for in this Service Agreement are subject to the provisions of Part 284 of the Commission's regulations, as amended from time to time.
- 4.2 Transportation of Gas provided for under the terms and provisions of this Service Agreement shall not commence until the following conditions have been met:
- a. Any construction, acquisition, or expansion of facilities necessary to commence Transportation has been completed;
 - b. Any certificate or regulatory authorization for the use of facilities necessary to commence Transportation has been obtained;

- c. Any force majeure event preventing Transporter from performing its obligations under this Service Agreement has been remedied; and
- d. Shipper satisfies the creditworthiness criteria in accordance with Section 10 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE V

5. TERM

5.1 This Service Agreement shall be effective _____.

5.2 After this Service Agreement becomes effective, it shall continue in full force and effect_____.

ARTICLE VI

6. CANCELLATION OF PRIOR CONTRACTS

6.1 When this Service Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following Service Agreements between the parties hereto for the Transportation of Gas by Transporter for Shipper:

Sheet No. 224A is reserved for future use.

ARTICLE VII

7. NOTICES

7.1 Any formal notice, request or demand that either party gives to the other regarding this Service Agreement shall be in writing and shall be mailed by first class, registered or certified mail, or delivered in hand to the following address of the other party:

Transporter: Discovery Gas Transmission LLC

Shipper:

or to such other address as either party shall designate by formal written notice. Routine communications may be mailed by ordinary mail or sent by facsimile. Operational communications by telephone, facsimile or other mutually agreeable means shall be considered as duly delivered without further written confirmation, unless specifically required otherwise by Transporter's FERC Gas Tariff.

7.2 Written nominations to schedule Transportation service hereunder shall be communicated to Transporter as follows:

Discovery Gas Transmission LLC

7.3 Electronic transfer payments to Transporter shall be accompanied with the instructions "To Credit the Account of Discovery Gas Transmission LLC" and shall be sent _____.

7.4 Remittance detail supporting electronic transfer payments to Transporter and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

Discovery Gas Transmission LLC

ARTICLE VIII

8. MISCELLANEOUS

8.1 Transporter and Shipper expressly agree that the laws of the State of Louisiana shall govern the validity, construction, interpretation and effect of this Service Agreement and of the General Terms and Conditions incorporated by reference in Transporter's FT-2 Rate Schedule.

8.2 Unless otherwise provided by the terms of a separate written agreement, all substances, whether or not of commercial value, including all liquid hydrocarbons or Condensates, of whatever nature, that Transporter recovers in the course of transporting the quantities of Gas tendered hereunder by Shipper shall be Transporter's sole property and Transporter shall not be obligated to account to Shipper for any value, whether or not realized by Transporter, that may attach or be said to attach to such substances.

8.3 Exhibits A, B, C, D and E attached to this Service Agreement, are hereby incorporated by reference as part of this Service Agreement. The parties may amend Exhibits A, B, C, D and E by mutual agreement, which amendments shall be reflected in a revised Exhibit A, B, C, D or E and shall be incorporated by reference as part of this Service Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement in duplicate originals on the Day and Year first written above.

Discovery Gas Transmission LLC

By: _____

Name: _____

Title: _____

Date: _____

[Shipper]

By: _____

Name: _____

Title: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-2 RATE SCHEDULE

EXHIBIT B

To The FT-2
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Primary Delivery Points	Delivery Pressure(s) (PSIG)*	Maximum Daily Volume Quantity-(Dt)** (%)
[Mainline-if applicable]		
_____	_____	_____
_____	_____	_____
[Expansion-if applicable]		
_____	_____	_____
_____	_____	_____

[Shipper's Maximum Daily Volumetric Quantity (MDVQ-Mainline): _____]
[Shipper's Maximum Daily Volumetric Quantity (MDVQ-Expansion): _____]

* Necessary pressure to deliver Gas from the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, not in excess of.
** Discovery's obligation to deliver Gas on the Mainline Facilities or receive Gas on the Expansion Facilities for a Shipper is net of any shrinkage of the Shipper's Gas as a result of the processing performed on the Gas prior to its delivery or receipt by Discovery.
[***Delivery to the Transco delivery point is subject to Transporter's lease of capacity from Texas Eastern Transmission, LP.]

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-2 RATE SCHEDULE

EXHIBIT B (Continued)

Effective Date of this Exhibit B: _____

Supersedes Exhibit B Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-2 RATE SCHEDULE

EXHIBIT D

To The FT-2
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Committed Production
Lease (s)

Shippers Working
Interest Percentage

Proven Reserves
(Bcf)

Effective Date of this Exhibit D: _____

Supersedes Exhibit D Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER FT-2 RATE SCHEDULE

EXHIBIT E

To The FT-2
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Negotiated Rate

Effective Period

Effective Date of this Exhibit E: _____

Supersedes Exhibit E Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Sheet Nos. 233 through 239 are reserved for future use.

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER IT RATE SCHEDULE

THIS AGREEMENT ("Service Agreement") is made this ____ day of _____, _____, between Discovery Gas Transmission LLC, a Delaware limited liability company, hereinafter referred to as "Transporter", and _____, a _____, hereinafter referred to as "Shipper."

ARTICLE I

1. GAS TO BE TRANSPORTED

- 1.1 Subject to the terms and provisions of this Service Agreement and Transporter's IT Rate Schedule, Transporter agrees to accept such quantities of Gas as Shipper may cause to be tendered to Transporter at the Receipt Point(s), designated pursuant to Subsection 2.1 of Article II, on any Day during the term of this Service Agreement; provided, however, that Transporter shall only be obligated to accept on any Day for Transportation hereunder that quantity of Gas Transporter determines it has Available Capacity to receive, transport, and deliver and provided further that in no event shall Transporter be obligated to accept Gas on any Day in excess of the MDTQ-Mainline or MDTQ-Expansion set forth in Exhibit B.
- 1.2 If on any Day Transporter should determine that the remaining Transportation capacity on the Mainline Facilities or Expansion Facilities, as appropriate, of its System, after it has transported Gas for Shippers with superior rights to Transportation, is insufficient to transport all quantities of Gas under similar Transportation agreements entitled to similar Transportation services, Transporter shall allocate the Available Capacity on the basis set forth in Section 6 of the General Terms and Conditions incorporated by reference in Transporter's IT Rate Schedule.

- 1.3 Subject to the terms and provisions of this Service Agreement and Transporter's IT Rate Schedule, Transporter shall deliver for the account of Shipper and Shipper shall accept at the Delivery Point(s) referenced in Subsection 2.2 of Article II, an Equivalent Quantity of Gas, less appropriate reductions for Fuel, Lost and Unaccounted for Gas, to the quantity of Gas received by Transporter from Shipper at the Receipt Point(s) for Transportation hereunder; provided, however, that in no event shall Transporter be obligated to deliver Gas on any Day in excess of the MDTQ-Mainline or MDTQ-Expansion set forth in Exhibit B.

ARTICLE II

2. RECEIPT POINT(S), DELIVERY POINT(S) AND PRESSURES

- 2.1 The Receipt Point(s) at which Shipper shall cause Gas to be tendered to Transporter for Transportation hereunder are described in Exhibit A to this Service Agreement. Other pertinent factors applicable to the Receipt Point(s) are also set forth in Exhibit A.
- 2.2 The Delivery Point(s) at which Transporter shall deliver Equivalent Quantities of Gas transported hereunder, after appropriate reductions for Fuel, Lost and Unaccounted for Gas, are described in Exhibit B to this Service Agreement. Other pertinent factors applicable to the Delivery Point(s) are also set forth in Exhibit B.
- 2.3 Shipper shall cause Gas to be delivered to Transporter at Receipt Point(s) at a pressure sufficient to allow the Gas to enter the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System as such pressure may vary from time to time and place to place. Transporter shall not be required to compress Gas in order to receive Gas into the Mainline Facilities or Expansion Facilities, as appropriate, of its System.
- 2.4 Transporter shall deliver Gas at each Delivery Point for the account of Shipper at the pressure which shall be available from time to time in the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System.

ARTICLE III

3. RATE(S), IT RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS

- 3.1 Unless Shipper and Transporter have agreed in writing to a discounted rate or a Negotiated Rate as set forth in Exhibit D, Shipper shall pay Transporter for services rendered hereunder in accordance with Transporter's IT Rate Schedule, or superseding rate schedule(s), on file with and subject to the jurisdiction of the Commission and lawfully in effect from time to time, including without limitation, all applicable charges set forth in such IT Rate Schedule which apply to service rendered under this Service Agreement.
- 3.2 Transporter shall have the right, from time to time, to file and to seek Commission approval, pursuant to Section 4 of the Natural Gas Act or other relevant authority, to change any rates, charges or provisions set forth in its IT Rate Schedule or its General Terms and Conditions. Transporter shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Service Agreement shall be deemed to include such changes which become effective by operation of law or by Commission Order, without prejudice to Shipper's right to protest same.
- 3.3 This Service Agreement in all respects is subject to the provisions of Transporter's IT Rate Schedule, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in such IT Rate Schedule filed by Transporter with the Commission, all of which are by reference made a part hereof.
- 3.4 Any changes or additions to this Service Agreement are set forth in Exhibit C.

ARTICLE IV

4. REGULATORY REQUIREMENTS AND CONDITIONS PRECEDENT

- 4.1 The Transportation arrangements provided for in this Service Agreement are subject to the provisions of Part 284 of the Commission's regulations, as amended from time to time.
- 4.2 Transportation of Gas provided for under the terms and provisions of this Service Agreement shall not commence until the following conditions have been met:
- a. Any construction, acquisition, or expansion of facilities necessary to commence Transportation has been completed;
 - b. Any certificate or regulatory authorization for the use of facilities necessary to commence Transportation has been obtained;
 - c. Any force majeure event preventing Transporter from performing its obligations under this Service Agreement has been remedied; and
 - d. Shipper satisfies the creditworthiness criteria in accordance with Section 10 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE V

5. TERM

- 5.1 This Service Agreement shall be effective _____.
- 5.2 After this Service Agreement becomes effective, it shall continue in full force and effect _____.

ARTICLE VI

6. CANCELLATION OF PRIOR CONTRACTS

6.1 When this Service Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following Service Agreements between the parties hereto for the Transportation of Gas by Transporter for Shipper:

ARTICLE VII

7. NOTICES

7.1 Any formal notice, request or demand that either party gives to the other regarding this Service Agreement shall be in writing and shall be mailed by first class, registered or certified mail, or be delivered in hand to the following address of the other party:

Transporter: Discovery Gas Transmission LLC

Shipper:

or to such other address either party shall designate by formal written notice. Routine communications may be mailed by ordinary mail or be sent by facsimile. Operational communications by telephone, facsimile or other mutually agreeable means shall be considered as duly delivered without further written confirmation unless otherwise specifically required by Transporter's FERC Gas Tariff.

- 7.2 Written nominations to schedule Transportation service hereunder shall be communicated to Transporter as follows:

Discovery Gas Transmission LLC

- 7.3 Electronic transfer payments to Transporter shall be accompanied with the instructions "To Credit the Account of Discovery Gas Transmission LLC" and shall be sent _____.

- 7.4 Remittance detail supporting electronic transfer payments to Transporter and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

Discovery Gas Transmission LLC

ARTICLE VIII

8. MISCELLANEOUS

- 8.1 Transporter and Shipper expressly agree that the laws of the State of Louisiana shall govern the validity, construction, interpretation and effect of this Service Agreement and of the General Terms and Conditions incorporated by reference in Transporter's IT Rate Schedule.
- 8.2 Unless otherwise provided in a separate written agreement, all substances, whether or not of commercial value, including all liquid hydrocarbons and Condensates of whatever nature, that Transporter recovers in the course of transporting the quantities of Gas tendered hereunder by Shipper shall be Transporter's sole property and Transporter shall not be obligated to account to Shipper for any value, whether or not realized by Transporter, that may attach or be said to attach to such substances.
- 8.3 Exhibits A, B, C and D attached to this Service Agreement, are hereby incorporated by reference as part of this Service Agreement. The parties may amend Exhibits A, B, C and D by mutual agreement, which amendments shall be reflected in a revised Exhibit A, B, C or D and shall be incorporated by reference as part of this Service Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement in duplicate originals on the Day and Year first written above.

Discovery Gas Transmission LLC

By: _____

Name: _____

Title: _____

Date: _____

[Shipper]

By: _____

Name: _____

Title: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER IT RATE SCHEDULE

EXHIBIT A

To The Interruptible
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Receipt Points	Receipt Pressure(s) (PSIG)*	Maximum Daily Quantity (Dt)**
[Mainline if applicable]	_____	_____
	_____	_____
[Expansion if applicable]	_____	_____
	_____	_____

*Necessary pressure to receive Gas into the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, not in excess of.
**Discovery's obligation to deliver Gas on the Mainline Facilities or receive Gas on the Expansion Facilities for a Shipper is net of any shrinkage of the Shipper's Gas as a result of the processing performed on the Gas prior to its delivery or receipt by Discovery.

Effective Date of this Exhibit A: _____

Supersedes Exhibit A Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER IT RATE SCHEDULE

EXHIBIT B

To The Interruptible
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Delivery Points	Delivery Pressure(s) (PSIG)*	Maximum Daily Quantity (Dt)**
[Mainline]	_____	_____
_____	_____	_____
[Expansion ***]	_____	_____
_____	_____	_____
_____	_____	_____

[Shipper's Maximum Daily Transportation Quantity (MDTQ-Mainline):] _____

[Shipper's Maximum Daily Transportation Quantity (MDTQ-Expansion):] _____

*Necessary pressure to deliver Gas from the Mainline Facilities or Expansion Facilities, as appropriate, on Transporter's System, not in excess of.
** Discovery's obligation to deliver Gas on the Mainline Facilities or receive Gas on the Expansion Facilities for a Shipper is net of any shrinkage of the Shipper's Gas as a result of the processing performed on the Gas prior to its delivery or receipt by Discovery.
[*** Delivery to the Transco delivery point is subject to Transporter's lease of capacity from Texas Eastern Transmission, LP.]

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER IT RATE SCHEDULE

EXHIBIT B (Continued)

Effective Date of this Exhibit B: _____

Supersedes Exhibit B Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER IT RATE SCHEDULE

EXHIBIT C

To The Interruptible
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Additional or Substitute Provisions

Effective Date of this Exhibit C: _____

Supersedes Exhibit C Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER IT RATE SCHEDULE

EXHIBIT D

To The Interruptible
Transportation Service Agreement
Dated _____
Between Discovery Gas Transmission LLC
And _____

Negotiated Rate

Effective Period

Effective Date of this Exhibit D: _____

Supersedes Exhibit D Effective: _____

[Shipper]

Discovery Gas Transmission LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Sheet Nos. 252 through 259 are reserved for future use.

FORM OF SERVICE AGREEMENT
FOR CAPACITY RELEASE TRANSACTIONS

This Agreement is made this _____ day of _____, _____, between Discovery Gas Transmission LLC, a Delaware limited liability company, hereinafter referred to as "Transporter", and _____, a _____ hereinafter referred to as "Replacement Shipper".

PURPOSE

The purpose of this Agreement is to set forth the terms and conditions for prequalification as a bidder and Replacement Shipper under the provisions of Transporter's capacity release program, as described in Section 11 of the General Terms and Conditions of Transporter's FERC Gas Tariff, as it may be amended from time to time. Prequalification will permit Replacement Shipper to become an eligible bidder for Released Capacity posted on Transporter's Internet web site (web site). Prequalification will further permit an eligible bidder awarded capacity under the capacity release program to nominate and receive Firm Transportation service as described in such award upon the execution of a Confirmation Letter.

CONFIRMATION LETTER

Upon the award of capacity to Replacement Shipper under Transporter's capacity release program, Transporter will provide Replacement Shipper a Confirmation Letter incorporating the terms of an accepted bid for capacity. Replacement Shipper shall execute and return the Confirmation Letter to Transporter prior to or concurrently with Shipper's nomination using the Released Capacity. Nominations must conform to Transporter's nomination procedures. Transporter and Replacement Shipper agree that their respective signatures on such Confirmation Letter transmitted by facsimile or other similar technology will be deemed valid "signed writings". Upon execution, Replacement Shipper will be permitted to nominate Transportation service on the Mainline Facilities or Expansion Facilities, as appropriate, in accordance with Transporter's FERC Gas Tariff coextensive with the rights acquired from the Releasing Shipper.

CONDITIONS OF SERVICE

Firm Transportation service provided pursuant to an award of temporary Firm Transportation service under Transporter's capacity release program is subject to the terms and conditions of Transporter's FERC Gas Tariff, including the General Terms and Conditions, the FT-1 Rate Schedule and rates, and the FT-1 Service Agreement. Transporter has the unilateral right to file revisions to these documents at any time and to implement such changes pursuant to the regulations and orders of the appropriate regulatory authority, and Replacement Shipper has the right to protest such filings.

Replacement Shipper must comply with Transporter's creditworthiness and credit appraisal provisions in Subsections 10.5 and 10.6 of the General Terms and Conditions prior to being placed on Transporter's approved list of eligible bidders for Released Capacity. Failure to maintain compliance will result in the removal of Replacement Shipper from the list of eligible bidders until such time as Replacement Shipper is in compliance with the requirements of these provisions. Further, service provided pursuant to an award of Released Capacity is subject to suspension under the terms of Subsection 10.5 if Replacement Shipper fails to meet the requirements of Subsections 10.5 and 10.6.

TERM

This Service Agreement is effective as of the first date written above, and will continue in effect for a period of one (1) Year, and Month to Month thereafter until terminated. This Service Agreement may be terminated by Transporter or Replacement Shipper at any time upon ten (10) Days' prior written notice. However, termination will not relieve either party of the obligation to perform the terms of this Service Agreement as to any transactions that were commenced prior to termination.

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194

NOTICES

Any formal notice, request, or demand that either party gives to the other regarding this Service Agreement must be in writing and be mailed by first class, registered or certified mail, or be delivered in hand, to the following address of the other party, or to such other address as either may designate by formal written notice. Routine communications may be mailed by ordinary mail. Operational communications by telephone, facsimile, Internet web site (web site), or other mutually agreeable means will be considered as duly delivered without further written confirmation, unless specifically required otherwise by Transporter's FERC Gas Tariff.

Transporter: Discovery Gas Transmission LLC

Replacement Shipper:

Written nominations to schedule Transportation service hereunder shall be directed to Transporter's Gas Control Department at the following facsimile numbers:

Discovery Gas Transmission LLC
Gas Control Dispatching Department
Telephone No.: _____
Facsimile No.: _____

Electronic transfer payments to Transporter shall be accompanied with the instructions "To Credit the Account of Discovery Gas Transmission LLC" and shall be sent to the following bank and account number:

(This section is to be completed indicating the Bank Name, Bank Address and Account Number)

Remittance detail supporting electronic transfer payments to Transporter and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

Discovery Gas Transmission LLC

MISCELLANEOUS

This Service Agreement in all respects is subject to the provisions of Transporter's FT-1 Rate Schedule, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in such FT-1 Rate Schedule filed by Transporter with the Commission, all of which are by reference made a part hereof.

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement in duplicate originals on the Day and Year first written above.

Discovery Gas Transmission LLC

By: _____
(Name)

Title: _____

(Shipper)

By: _____
(Name)

Title: _____

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194

FORM OF SERVICE AGREEMENT
APPLICABLE TO CAPACITY RELEASE TRANSACTIONS
CONFIRMATION LETTER

1. Shipper's Name: _____
2. Releasing Shipper's FT-1 Service Agreement Number: _____
3. Commencement Date: _____ Termination Date: _____
4. Reservation Quantity: _____ Dt/d

5. Primary Receipt Point(s): _____

Maximum Daily
Reservation Quantity
(MDRQ-Mainline)
Dt

6. Primary Delivery Point(s): _____

Maximum Daily
Reservation Quantity
(MDRQ-Mainline)
Dt

7. Primary Receipt Point(s): _____
- _____

Maximum Daily
Reservation Quantity
(MDRQ-Expansion)
Dt

	Maximum Daily Reservation Quantity (MDRQ-Expansion) Dt
8. Primary Delivery Point(s):	
_____	_____
_____	_____
_____	_____
9. Reservation Rate	\$ _____/Dt
Authorized Signature of Shipper:	

Name:	_____
Title:	_____
Telephone: (____) _____	
Facsimile: (____) _____	

Sheet Nos. 266 through 268 are reserved for future use.

EXPLANATORY NOTES TO THE FORMS OF SERVICE AGREEMENTS

1. A Service Agreement, executed by the Transporter and Shipper, may be generated in a different font and/or font size than what is used in the applicable Form of Service Agreement contained within this FERC Gas Tariff.
2. The number of pages for a Service Agreement may vary from the number of pages reflected in the applicable Form of Service Agreement contained within this FERC Gas Tariff.
3. There may be formatting differences between a Service Agreement and the applicable Form of Service Agreement contained within this FERC Gas Tariff. Such formatting differences may include, but not be limited to, signatory columns being reversed, greater or lesser indentations, tab stops, and hard page endings or carryovers.
4. Blank lines in a Form of Service Agreement are informational placeholders and do not represent or limit the actual number of lines, or the length of such lines, of informational content to be inserted into that area for a service agreement. For instance, if a Form of Service Agreement contains only two blank lines for delivery points, nothing therein prohibits a Service Agreement from having three or more delivery points listed.
5. Information contained within brackets in a Form of Service Agreement, such as [Name], is for informational or illustrative purposes and may, or may not, appear in a Service Agreement.

DISCOVERY GAS TRANSMISSION LLC
REQUEST FOR SERVICE

SHIPPER INFORMATION

1. Shipper's Name: _____
(legal name of signatory party)

State of Incorporation: _____
(if applicable)

(Or) Other Legal Description: _____
(e.g., partnership)

Shipper is: (check one)

_____ LDC/Distributor _____ Intrastate Pipeline
_____ Producer _____ Interstate Pipeline
_____ End User _____ Marketer
_____ Other: _____

Is Shipper affiliated with Discovery Gas Transmission LLC
(Discovery)?

_____ Yes _____ No

If yes, list type and extent of affiliation.

2. Requesting Party's Name (if different from Shipper):

Is Requesting Party affiliated with Discovery?

_____ Yes _____ No

If yes, list type and extent of affiliation.

Is the supplier of Gas to be transported in any transaction associated with this request affiliated with Discovery?

_____ Yes _____ No _____ Unknown

If yes, list the name of Gas supplier and the extent of affiliation.

Is the Gas for which Transportation service is requested, being marketed by a Discovery affiliate?

_____ Yes _____ No

If yes, list the name of Marketer and the extent of affiliation.

If Gas is being marketed by a Discovery affiliate, does the cost of Gas to the affiliate exceed the sales price received by the marketing affiliate?

_____ Yes _____ No _____ Unknown

If yes, by how much? _____

3. Shipper Contacts:

	Notices	Invoicing	Scheduling & Nominations
Name:	_____	_____	_____
Title:	_____	_____	_____
Street Address:	_____ _____	_____ _____	_____ _____
Mailing Address:	_____ _____	_____ _____	_____ _____
Telephone:	_____	_____	_____
Facsimile:	_____	_____	_____
24-Hour Contact:	_____	Telephone:	_____

SERVICE INFORMATION

4. Request is for:

_____ New Service
_____ Amended Service under Agreement No. _____

5. Service Authority:

_____ NGPA Section 311 Service
_____ NGA Section 7(c) Blanket Authority (Part 284)

6. Service Type:

_____ Firm Service (FT-1 Rate Schedule)
_____ Firm Service (FT-2 Rate Schedule)
_____ Interruptible Service (IT Rate Schedule)

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket
No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194

7. Rate Offered:

- FT-1 Reservation Rate - Mainline
- FT-1 Reservation Rate - Expansion
- FT-2 Volumetric Rate - Mainline
- FT-2 Volumetric Rate - Expansion
- IT Usage Rate - Mainline
- IT Usage Rate - Expansion

8. Primary Term:

Commencement Date: _____ Termination Date: _____

Secondary Term (limited to IT agreements):

_____ Month to Month, upon termination of primary term
subject to thirty (30) Days' prior written notice by
either party.

_____ Year to Year, upon termination of primary term
subject to thirty (30) Days' prior written notice by
either party.

_____ Other: _____
upon termination of primary term subject to thirty (30)
Days' prior written notice by either party.

9. Transportation Quantities:

(Estimate of Committed Production for FT-2 service)

FT-1 Service

Maximum Daily Reservation Quantity (MDRQ-Mainline) _____ Dt
Maximum Daily Reservation Quantity (MDRQ-Expansion) _____ Dt

FT-2 Service

Estimate of Committed Production for Each Lease _____ Dt
Maximum Daily Volumetric Quantity - Mainline _____ Dt
Maximum Daily Volumetric Quantity - Expansion _____ Dt

IT Service

Maximum Daily Transportation Quantity - Mainline _____ Dt
Maximum Daily Transportation Quantity - Expansion _____ Dt

10. Estimated Transportation

Quantity Over Primary Term _____ Dt

11. List all appropriate codes for each producing area where the Gas fields or wells producing the Gas to be transported are located.

12. List all appropriate state codes for each location of the ultimate delivery points of the Gas.

RECEIPT/DELIVERY POINTS

13. Receipt Point(s):	Maximum Daily Quantity
	Dt
Mainline	_____
Expansion	_____

For FT-2 service, specify the leases from which gas will be committed:

	Maximum Daily Quantity
14. Delivery Point(s):	Dt
Mainline	
Expansion	
"ON BEHALF OF" ENTITY INFORMATION	
15. Service pursuant to Section 311(a) of the NGPA will be "On Behalf Of"	
(Legal name) _____, which is an:	
_____ LDC _____ Intrastate	
16. The named "on behalf of" entity will:	
_____ have physical custody of and transport the Gas	
_____ hold title to the Gas	
Discovery must receive a written acknowledgment from each "on behalf of" entity confirming that it is a local distribution company or an intrastate pipeline, as defined in the NGPA, and that it will have either physical custody of and transport the Gas or will hold title to the Gas.	
If Transportation service is being provided "on behalf of" more than one entity, list additional "on behalf of" entities indicating the type of entity and whether it will either have physical custody of and transport (Transport) the Gas or hold title (Title) to the Gas.	

Additional "On Behalf Of" Entities	Entity Type LDC	Intrastate	Type of Transport	Custody Title
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

17. Send completed requests to:

By Mail:

By Overnight Mail or Courier:

Attn: Manager - T & E

Attn: Manager - T & E

Telephone No.: (___) ___-____

Facsimile No.: (___) ___-____

SHIPPER AUTHORIZATIONS

Shipper hereby agrees to abide by the terms of Discovery's FERC Gas Tariff. Shipper further agrees that Discovery may make an inquiry into Shipper's creditworthiness and obtain adequate assurances of Shipper's solvency and ability to fulfill its payment obligations. Shipper agrees to supply Discovery with credit information as described in Section 10 of Discovery's General Terms and Conditions.

Shipper's Authorized Signature

Name: _____

Title: _____

Date: _____

Issued by: L. Roberson, Vice President

Issued on: September 8, 1997

Effective on: November 10, 1997

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. CP96-712-000, issued February 27, 1997, 78 FERC ¶ 61,194