

ONEOK Gas Transportation, L.L.C.

Statement of Operating Conditions

Volume No. 1

FEDERAL ENERGY REGULATORY COMMISSION

ONEOK Gas Transportation, L.L.C.)

ONEOK Sayre Storage Company)

OPERATING STATEMENT AND GENERAL TERMS AND CONDITIONS
FOR SERVICE RENDERED PURSUANT TO SECTION 311(A) (2)
OF THE NATURAL GAS POLICY ACT OF 1978 AND THE RULES AND
REGULATIONS ADOPTED THEREUNDER

ARTICLE I.
AVAILABILITY

1.1 Subject to ONEOK Gas Transportation, L.L.C. (OGT) and ONEOK Sayre Storage Company (OSSC), acting individually or together (whether on or all, such companies are hereinafter referred to as Company with OGT acting as agent for OSCC): (1) rendering service to Oklahoma Natural Gas Company, a division of ONEOK, Inc. and/or any or all of its affiliated companies or divisions for their operations, as such divisions, affiliated companies or their operations currently exist and as they may exist in the future; (2) rendering intrastate transportation service directly to others or entering into pipe line capacity leases for intrastate transportation by others, as such services or leases currently exist and as they may exist in the future; and (3) rendering service with respect to other interstate operations that may from time to time develop, Company will transport Gas on an interruptible basis for any person and/or entity desiring to transport Gas on Company's Pipeline System pursuant to the terms and conditions hereof (each such person or entity and all affiliates of each such person or entity hereafter jointly referred to as a Customer) provided:

- (a) Capacity is available on the applicable portion of Company's Pipeline System from time to time;
- (b) Customer has provided to Company a completed Service Request Form in accordance with Article II hereof, that Customer has a Gas supply, a market and appropriate other upstream and/or downstream transportation for such Gas with the effect that Customer will be able to actually and efficiently utilize Company's service hereunder and has executed a Service Agreement or an extension thereof, with Company service;
- (c) Such transportation service is performed "on behalf of" an interstate pipeline or a local distribution company served by an interstate pipeline company within the

terms of Section 311 of the Natural Gas Policy Act of 1978, as amended (Act) and the rules and regulations thereunder. If the qualified status of the proposed transaction is in doubt, then Customer must apply for and receive a final, nonappealable declaratory order from the Federal Energy Regulatory Commission (FERC) or a successor agency thereto, affirming the qualifying status of the transaction prior to the commencement of transportation services by Company;

- (d) Customer, Company and third-party transporter have obtained, as appropriate, or will obtain reasonably in advance of the commencement of service, unless waived by Company, all State and Federal approvals for services to be provided by Customer, Company and third-party transporter related to those rendered by Company, including services that are necessary for said Gas to be received into and delivered from Company's facilities;
- (e) Gas is physically delivered into Company's Pipeline System;
- (f) Company determines that the requested service can be provided without detriment to their intrastate operations; and
- (g) Company, unless otherwise agreed, is not required to construct, modify, expand, or acquire any facilities. Company shall agree or not agree to construct, modify, expand, or organize any such facilities on a nondiscriminatory basis.
- (h) Each person or entity and all affiliates thereof shall be considered as one Customer for all purposes hereunder.

ARTICLE II. **REQUESTS FOR SERVICE**

2.1 Company will accept requests for interruptible transportation service, subject to the availability of interruptible capacity on Company's Pipeline System for the provision of such service, from Customers. Upon Company's acceptance of a request and Customer's satisfaction of Company's credit requirements, Company and Customer shall enter into a Service Agreement for interruptible service in the form set forth in Exhibit A attached hereto and by this reference included herein. Such contract(s) shall be at least one month in duration and shall provide that transportation service shall begin and terminate on dates mutually agreed to by Customer and Company. After the primary term of any contract, such contract may continue in effect month-to-month thereafter until terminated upon at least thirty (30) days prior written notice to terminate given by either Customer or Company or any of them.

2.2 Requests for service shall be in writing in accordance with the Service Request Form attached hereto and by this reference included herein, shall be addressed to Company and shall contain all of the information requested on the Service Request Form.

2.3 Company will not schedule or render interruptible transportation service if the effect would be to interrupt or adversely affect service described above in Article I with respect to which service hereunder is subject.

2.4 If Customer does not execute a Service Agreement for interruptible transportation service within thirty (30) days of the date on which Company tenders such contract to Customer, Customer's request service shall be null and void.

ARTICLE III.
APPLICABILITY AND CHARACTER OF SERVICE

3.1 This Operating Statement shall apply to all interruptible transportation service rendered under Service Agreements for interruptible service pursuant to Section 311(a)(2) of the Act.

3.2 When Customer has contracted for interruptible transportation service and capacity is available on Company's Pipeline System for the provision of such service, to the extent capacity is available therefor, Company shall receive from Customer, or for the account of Customer, the quantity scheduled for each Point of Receipt pursuant to Article 3, Section 3.2 of the General Terms And Conditions for each Point of Receipt. To the extent that capacity is available on Company's Pipeline System, Company shall transport and make available to or on behalf of Customer such quantity adjusted for the Fuel and Use Quantity as set forth on Exhibit A of the Service Agreement, at the Point(s) of Receipt as Customer may request, up to the quantity for each Point of Delivery.

3.3 Company shall render service under this Operating Statement. Service by each of the entities is on a fully interruptible basis only. Company hereby retains all rights at any and all times during the term of the service to decrease, temporarily suspend, and discontinue completely and immediately the receipt and/or delivery of Gas if such capacity is needed to render the intrastate service described in Article I. The Company reserves the right to oversubscribe the transportation capacity of the Pipeline System. The transportation service provided under this Operating Statement shall be performed under Subpart C of Part 284 of the FERC's Regulations.

3.4 All nominations, scheduling, transportation, and priorities for service shall be subject to demands, priorities, requests and/or constraints made or imposed by upstream and/or downstream transporters of Gas.

ARTICLE IV.
DETERMINATION OF RECEIPT AND DELIVERY QUANTITIES,
OPERATING COORDINATION AND ADJUSTMENTS

4.1 Gas received by Company for Customer's account at the Point(s) of Receipt may be commingled with Gas received for other Customers at the same point(s), and Gas delivered by Company for Customer's account at the Point(s) of Delivery may be commingled with Gas delivered to other Customers at the same point(s). Accordingly, the Gas delivered by Company for the account of Customer at the Point(s) of Delivery may not be the same molecules as those received from Customer hereunder.

4.2 Company and Customers recognize that imbalances may occur between receipts and deliveries and on a daily, weekly and monthly basis shall use commercially reasonable efforts to minimize imbalances.

ARTICLE V.
RATES

5.1 The applicable rate, for interruptible transportation service, shall be the maximum rate the FERC or any other applicable regulatory body has authorized Company to charge per MMBtu plus any applicable Fuel and Use Quantity or fee, unless a lesser rate is negotiated between the parties.

5.2 As payment for service hereunder Customer shall pay the Company an amount equal to the charges set forth in the Service Order(s), attached as Exhibit A and fees and charges described in the General Terms And Conditions . The parties recognize and agree that there may be multiple Service Orders in existence at any one time. Company shall retain an amount of Gas equal to the Fuel and Use Quantity times the MMBtu's of Gas delivered by Company at the Point(s) of Delivery. The Fuel and Use Quantity shall be set forth in the applicable Service Order. For purposes of administering rates for interruptible transportation Company shall have the right, in their sole discretion, to discount the maximum rates for interruptible service and to charge a lower rate for some or all of the services performed. Nothing herein shall be construed to require Company to offer such discounted transportation rates.

5.3 Company reserves the right to file for a higher maximum rate during the term of any transportation agreement and the maximum unit rate which Customer agrees to pay shall, unless otherwise agreed, be revised to equal the maximum rate approved by the FERC.

ARTICLE VI.
OTHER CHARGES

6.1 The following additional fees and charges also may be charged by Company to the extent applicable to the specific services provided hereunder.

(a) Customer shall reimburse Company for any filing, reporting, and other fees that are assessed by any governmental agency in conjunction with service hereunder and paid by Company; and

(b) For the costs of all facilities which Company acquires, constructs, installs, modifies or rearrange to provide service hereunder specifically applicable to such Customer, and which Customer has agreed to reimburse Company in whole or in part.

(c) Unless otherwise provided, all substances whether or not of commercial value, including all liquid and liquefiable hydrocarbons of whatever nature, that Company recovers in the course of transporting the quantities of natural Gas tendered hereunder by or on behalf of Customer shall be Company's sole property, and Company shall not be obligated to account for, or pay to Customer for, any value, whether or not realized by Company, that may attach or be said to attach to such substances.

(d) Customer shall reimburse Company for:

- (1) any natural Gas gathering, occupation, production, severance or sales tax, first use tax, gross receipt tax, or taxes similar in nature, or equivalent in effect, which are now or hereafter imposed or assessed against Company by any lawful authority as a result of the transportation of natural Gas or the production or gathering of such natural Gas; and
- (2) for any charges which the Company incurs from other parties in rendering service for Customer which charges are related to the transportation service rendered to Customer pursuant to this Operating Statement. Any fee or sum due Company by Customer pursuant to this section shall be due and payable to Company within ten (10) days of receipt by Customer of Company's invoice(s) for the same.

(e) Customer shall be responsible for and shall bear any penalties imposed by upstream or downstream transporters assessed by such upstream or downstream transporters for imbalances in receipts and deliveries. Customer shall defend and hold Company harmless and free from all such payments or charges for imbalances.

Any reimbursement due Company by Customer pursuant to this Article VI shall be due and payable to Company within ten (10) days of receipt by Customer of Company's invoice(s) for same.

ARTICLE VII.
GENERAL TERMS AND CONDITIONS

7.1 All of the General Terms and Conditions attached hereto are hereby incorporated into and made a part of this Operating Statement as set forth in full.

ARTICLE VIII.
RESERVATIONS

8.1 Company reserves the unilateral right from time to time to make any changes to, or to supersede, or to cancel the rates, charges and any and all terms and conditions stated in this Operating Statement and the applicability thereof, the General Terms and Conditions and any other provisions relating to Company's interruptible transportation service, subject to the provisions of the Act and the FERC's Regulations thereunder.

ARTICLE IX.
TERMINATION

9.1 For each Service Agreement Company's obligation to provide service, and Customer's contractual and other rights, to receive such service shall terminate on the earlier of the date provided in the applicable Service Agreement for the termination of said service, the date on which Company determines on a nondiscriminatory basis to cease transporting Gas pursuant to Section 311(a)(2) of the Act or the date provided for in this Operating Statement and/or the General Terms and Conditions attached hereto. The Company may terminate the Service Agreement if Customer fails to cause Gas to be delivered to or by Company during any month when capacity is available on Company's Pipeline System. The Service Agreement may be terminated, or renegotiated as to the applicable terms at any time by Customer or Company, if the FERC or the Oklahoma Corporation Commission, whichever is applicable, determines (1) that the above-mentioned fees per MMBtu are not in accordance with the FERC's or Oklahoma Corporation Commission's regulations or governing statutes, or is not fair and equitable to all parties or (2) that said fees are in excess of the rates and charges which interstate pipelines would be permitted to charge for providing similar service or (3) that said fees are different than the rates and charges permitted or required to be charged by the Oklahoma Corporation Commission. Customer shall pay for all services rendered prior to such termination.

ARTICLE X.
SERVICE AGREEMENT

10.1 Customer shall enter into a contract with Company in the form of a Service Agreement which may be filed with the FERC. The Service Request Form and executed Service Agreement, together with the Operating Statement and the General Terms And Conditions as they may be amended in the future, shall constitute the entire agreement between the parties for Gas transportation service.

SERVICE REQUEST FORM

REQUEST FOR SERVICE

ONEOK Gas Transportation, L.L.C.
ONEOK Sayre Storage Company,
P. O. BOX 22089
Tulsa, OK 74121-2089

Attention: Manager - Transportation Services

Gentlemen:

_____ ("Requesting Customer") hereby requests service from ONEOK Gas Transportation, L.L.C. on its system and on the system of ONEOK Sayre Storage Company hereinafter referred to as Company, and hereby provides the following information in connection with this report:

(a) Complete legal name of Requesting Customer:

(b) Type of Legal entity and state of formation/incorporation:

(c) Type of Company:

- _____ Interstate Pipeline
- _____ Local Distribution Company
- _____ Intrastate Pipeline
- _____ Producer
- _____ End-User
- _____ Marketer
- _____ Broker
- _____ Other (specify) _____

- (d) (1) Name of person responsible for this request, address and telephone number through which correspondence or other communications should be directed. Is this person an employee of Requesting Customer? If not, state relationship to Requesting Customer.

- (2) Name and telephone number of 24 hour contact person for purposes of dispatching Gas to and from Point(s) of Receipt and Delivery.

- (e) Are additional or new facilities required to receive or deliver Gas for the service requested herein?

_____ Yes _____ No

- (f) Name and full title of Officer (or General Partner) of Requesting Customer who will execute a written Service Agreement with Company.

- (g) The maximum daily quantity for which service is requested is _____ MMBtu with an estimated total quantity of Gas to be transported during the requested term of service of _____ MMBtu, if applicable.

- (h) Name and detailed description of Point(s) of Receipt where Company will receive Gas, Point(s) of Delivery where Company will redeliver the Gas, the legal description thereof and name of pipeline at such interconnects, the maximum daily quantity to be received and delivered at each Point of Receipt and at each Point of Delivery and the desired pressure at each Point of Receipt and at each Point of Delivery:

(Attach schedule of information to this Service Request Form)

(i) (1) Type of service requested:

- _____ Intrastate Transportation
- _____ Interstate Interruptible Transportation
- _____ Storage Service
- _____ Transportation Gathering Service

(2) Date service is proposed to commence (which shall not be later than three (3) months after this request is submitted to Company):

(3) Date service is proposed to terminate (which shall not be earlier than one (1) month from the date service is to commence):

(j) The state of the ultimate end user of the Gas:

(k) Complete and satisfy the requirements of the Credit Application Form available from the Company.

Requesting Customer understands that this Service Request Form, complete and unrevised as to format, must be received by Company before the service request will be accepted and processed. Requesting Customer further understands that the entities comprising the Company are intrastate pipelines subject to the regulations of the Oklahoma Corporation Commission and the FERC, but only with respect to transportation pursuant to Section 311 (A) (2) of the Natural Gas Policy Act of 1978 and that Requesting Customer's request may become subject to inspection by either such regulatory body.

Customer understands that it must reimburse Company for the FERC's filing fees, if applicable, upon receipt of an invoice therefor. Requesting Customer, by its signature, represents and certifies to Company that the information set forth in this Service Request Form is correct and accurate and that the certifications set forth in paragraph (l) above have been met.

Customer certifies and agrees that it is willing and able to abide by the terms of this Service Request Form and by the terms of the applicable Service Agreement and General Terms and Conditions to be executed pursuant hereto.

Submitted by:

(REQUESTING Customer)

By: _____
(Name and Title of Officer)

Date: _____

Date: _____

By: _____
(Name and Title)

Date Customer notified: _____

SECTION XI

Current Rates

Pursuant to section 284.123(b)(1)(ii) of the Code of Federal Regulations, Company has elected to base its rates for interruptible transportation service under Section 311 of the Natural Gas Policy Act on the rates authorized by the Oklahoma Corporation Commission in Order 441549 issued June 5, 2000 in Cause No. 990000166.

Interruptible Service

The maximum commodity rate for interruptible service is \$0.15 per Dth and the minimum commodity rate is \$0.00012 per Dth, together with an in-kind reimbursement of 1.5% for fuel gas and lost and unaccounted for gas.

GENERAL TERMS AND CONDITIONS

ARTICLE I DEFINITIONS

1.1 "Affiliate" shall mean any person, entity, or business section, or division that directly or through one or more intermediaries' controls, is controlled by, or is under common control with the entity in question. Control includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct a direction of the management or policies of a person or entity. Control may be exercised through management, ownership of voting securities or other right to vote, by contract or otherwise. Affiliates of the Company shall not include Western Resources, Inc.

1.2 "Btu" shall mean British thermal unit. The definition of one Btu is the quantity of heat that must be added to one pound (avoirdupois) of pure water to raise its temperature from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under standard pressure conditions. Btu shall be computed on a temperature base of sixty degrees (60°) Fahrenheit and a pressure base of fourteen and seventy-three hundredths (14.73) psia and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.

1.3 "Customer" shall mean the person or entity that has executed a Service Agreement with the Company for the service rendered under such Service Agreement or, as the context may require, any person or entity requesting service hereunder.

1.4 "Day" shall mean the 24-hour period commencing at 9:00 a.m. (Central Clock Time) on one calendar day and ending at 9:00 a.m. (Central Clock Time) the following calendar day.

1.5 "Dekatherm" shall mean one million Btu's.

1.6 "Effective Date" shall mean the date specified in the Service Agreement.

1.7 "Equivalent Quantity" shall mean those Dekatherms of natural Gas to be made available during any period of time to or on behalf of the Customer at one or more Point(s) of Delivery, which Dekatherms shall be the thermal equivalent of the Input Quantity delivered to Company at the Point(s) of Receipt by or on behalf of Customer during that period of time, less the applicable Fuel and Use Quantity.

1.8 "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency.

1.9 "Fuel and Use Factor" shall be the applicable percentage set forth in the Service Agreement, as such may

be revised from time to time based upon the determination by Company of changes in their fuel and use requirements and as may be approved by the Oklahoma Corporation Commission.

1.10 "Fuel and Use Quantity" shall be equal to the product of the applicable Fuel and Use Factor and the Input Quantity.

1.11 "Gas," "gas" or "natural gas" shall mean the effluent vapor stream in its natural, gaseous state, including gas-well gas, casinghead gas, residue gas resulting from processing both casinghead gas and gas-well gas, and all other hydrocarbon and non-hydrocarbon components thereof.

1.12 "Gathering System" shall mean the gathering system operated by the Company as of the date the Company receives the completed Service Request Form.

1.13 "Input Quantity" shall mean the quantity of Gas received at the Point(s) of Receipt in Dekatherms of Gas which are actually received by the Company at the Point(s) of Receipt by or on behalf of Customer.

1.14 "Mcf" shall mean one thousand (1,000) cubic feet of Gas.

1.15 "Month" shall mean the period beginning at 9:00 a.m. Central clock time on the first day of each calendar month and ending at 9:00 a.m. Central clock time on the first day of the next succeeding calendar month, except where references not involving Gas measurement volumes are involved, in which case the calendar month shall be deemed to be referred to.

1.16 "Nomination" shall mean the request for services at a specified time, date, quantity, rate and Rank Priority at the Point(s) of Receipt and Delivery.

1.17 "OFO Period" shall mean the period of time in which an OFO is in effect.

1.18 "Operational Flow Order" shall mean the issuance of notice that physical flows at each Point of Receipt must balance the confirmed or scheduled flows at each such Point of Receipt and the physical flows at each Point of Delivery must balance the confirmed or scheduled flows at each such Point of Delivery, via the telephone, OGTRANS.COM Internet page or facsimile, which are intended to alleviate conditions which threaten or could threaten the safe operations or system integrity of the Company's Systems, or which are required to maintain efficient and reliable service.

1.19 "Party" shall mean Customer or Company and the term "Parties" shall mean Customer and Company.

1.20 "Person" shall mean an individual, a corporation, voluntary association, joint stock company, business trust, partnership or other entity.

1.21 "Pipeline System" shall mean the pipeline facilities operated by the Company existing on the date the Company receives the completed Service Request Form.

1.22 "Point(s) of Delivery" shall mean the point or points where Gas is delivered from the Pipeline System to or for the account of Customer and are shown on the applicable Service Order. Each Point(s) of Delivery shall be treated separately with respect to all rights and obligations and all actions to be taken pursuant to the Service Agreement and the Exhibits attached thereto, including, without limitation, nominations, balancing, Gas quality, delivery pressure and force majeure.

1.23 "Point(s) of Receipt" shall mean the point or points where Company shall receive Gas into the Systems from Customer, as described on the applicable Service Order.

1.24 "Point Operator" shall mean the entity or entities that operate, accept or provide Gas to the Point(s) of Receipt or Delivery.

1.25 "Pro Rata Share" shall mean the ratio that the quantity of Gas scheduled to be received or delivered, as appropriate, by the Company, from or for the account of the Customer, bears to the total quantity of Gas scheduled to be received or delivered, as appropriate, by the Company from or for the account of all Customers for Service in the applicable System during any given time period (day, month, year). Gas scheduled to be received shall be used at the Point(s) of Receipt and Gas scheduled to be delivered shall be used at the Point(s) of Delivery to determine the applicable Pro Rata Share.

1.26 "Psia" shall mean pounds per square inch, absolute.

1.27 "Psig" shall mean pounds per square inch, gauge.

1.28 "Rank Priority" shall mean the priority in which quantities are to be allocated at the Point(s) of Receipt and Point(s) of Delivery. With respect to the Point(s) of Receipt, the priority shall be established by the person or entity who operates the facilities delivering Gas to the Company. With respect to the Point(s) of Delivery, the priority shall be established by the person or entity operating the meter at such Point(s) of Delivery.

1.29 "Service Agreement" shall mean the agreement to which the General Terms and Conditions is attached.

1.30 "Service Order" shall mean a completed Exhibit A relating to the applicable Service Agreement.

1.31 "Shipper" shall mean any person for whom the transmission of natural Gas is being performed.

1.32 "Storage System or Storage or Storages" shall mean the underground natural or manmade facilities operated by the Company to store natural Gas.

1.33 "System or Systems" shall mean the pipelines, storage or gathering facilities and related equipment located in the State of Oklahoma, including but not limited to the compressors, regulators, meters and support facilities.

1.34 "Transportation" shall mean the transmission of Gas, whether by exchange, backhaul or any other actual or constructive method or movement.

1.35 "Week" shall mean a period of seven (7) consecutive days beginning at 9:00 a.m. Central Clock Time on each Monday and ending at the same time on the next succeeding Monday.

1.36 "Year" shall mean a period of three hundred sixty-five (365) consecutive days, or three hundred sixty-six (366) consecutive days when such period includes a February 29.

ARTICLE 2 RESTRICTIONS AND RESERVATIONS

2.1 It is understood and agreed that Customer has only the right to the service being rendered by the Company and all equipment, including (but not in any way limited thereto) all pipe, valves, fittings, and meters, comprising the Systems and all other property and capacity rights and interests, shall at all times during the term of the Service Agreement remain the property of Company. Customer agrees not to cause or permit any liens or encumbrances to be filed with respect to the Systems or by reason of Customer's actions. Customer's Gas shall at all times remain the property of Customer and Company shall have no right or property interest therein, except as otherwise provided in a Service Agreement or Service Order.

2.2 Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Systems. Customer shall make no alterations, additions, or repairs to or on the Systems, nor shall Customer bear any cost of any alterations, additions, repairs, maintenance or replacements made to or on said Systems.

2.3 Customer agrees not to connect or cause the connection of any third party to the Systems for any purpose without the express written approval and consent of Company to be granted in Company's sole discretion. Customer further agrees not to transport or cause to be transported any Gas for any third party. If either of these conditions is breached by Customer, Company shall have the right and option, notwithstanding any other provision of the Service Agreement or the General Terms and Conditions, to terminate the Service Agreement including the Exhibits thereto immediately and without further obligation to Customer.

2.4 Company presently is rendering service to third parties on the Systems and shall have the right in the future to render additional service for such purposes and to render service to additional third parties as it may desire, and Company shall have the right to make additional connections to the Systems as may be required to serve presently existing and new customers.

2.5 Company shall own any and all liquids which are recovered from the Systems and may use, sell or transfer all liquids without having to account in any manner, or pay any monies or other consideration to Customer. Company agrees to receive and deliver thermally equivalent volumes of natural Gas in connection with such service less the applicable Fuel and Use Quantity.

ARTICLE 3 OPERATIONS

3.1 Customer shall deliver its Gas or cause its Gas to be delivered into the Systems at the Point(s) of Receipt described on the applicable Service Order, as it now exists and as it may be amended. Customer shall have no right to require Gas to be received at any particular Point(s) of Receipt and Company may delete such points or modify the capacity thereof from time to time and at any time in its sole discretion with no further obligation to Customer with respect to such Point(s) of Receipt. All supplies of Gas delivered to the Systems must comply with the terms and conditions of the Service Agreement. Additions or deletions may be made to the Point(s) of Receipt or Point(s) of Delivery in the Service Agreement and shall be considered to be new transactions.

3.2 Customer shall advise (in a method and format approved by Company in its sole discretion) Company with respect to each Day, Week and Month the name of each supplier with whom it has a contract (and the name of the individual with such suppliers responsible for Customer's account), which source of supply is delivering to Company, how much Gas is nominated to be delivered to Company from each source of supply (i.e., each well, plant, or other desired Point(s) of Receipt) and the anticipated deliveries at each Point(s) of Delivery. Customer's nomination shall be in good faith and shall be based on Customer's best efforts to estimate usage for that next Day, Week and Month. Customer shall not intentionally nominate more or less Gas than is needed by Customer, except as may be needed for balancing purposes. If during a Month, Customer's other supplies are renominated or reallocated, if Customer's operations are modified in any manner or if it appears that the original nomination was incorrect, the Customer shall immediately renominate to Company during such Month, but in no event shall such renomination exceed any maximum limitations established by the Parties. At intervals reasonably required by Company, Customer shall be obligated to furnish Company with schedules showing the daily Dekatherms of Gas Customer desires to deliver at each Point(s) of Receipt.

3.3 (a) Receipt and Delivery nominations received from Customers shall be made available to Point Operators for their confirmation to deliver or receive such nominated Gas flow volumes. Point Operator may confirm and schedule nominations at the lesser of the nominated volume or the available flow volume. If no communication is received from the Point Operator, nominations stand as confirmed.

(b) Prior to the start of the flow day, for which nominations are made by Customer, Company will confirm to Customer the amount scheduled for delivery for such day.

(c) The standard nominations shall be made as follows: 11:30 a.m. for nominations leaving control of the Customer; 11:45 a.m. for receipt of nominations by Company; 3:30 p.m. for receipt of completed confirmations by Company from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by Customer and Point Operator (Central Clock Time on the day prior to flow of the Gas so nominated).

(d) Intra-day nominations are those submitted after the nominations deadline to be effective for either the same Gas Day or for the next Gas Day and runs through the end of that Gas Day. A Customer may submit an intra-day nomination up to 4 hours prior to Gas flow. Intra-Day nominations shall be scheduled after all timely nominations. Intra-Day nomination shall not bump scheduled Gas for that Gas day unless the upstream or downstream Point Operator requires a change in scheduled Gas.

3.4 Scheduling of Point(s) of Receipt or Point(s) of Delivery shall be made by the party performing the measurement function. For all such Point(s) of Receipt or Delivery operated by Company, the following priorities for Gas through the measurement point shall apply for such service.

(a) Highest economic value as determined by the Company, in its sole judgment;

(b) If the same economic value exists between Customers, scheduling shall be on a Pro Rata Share basis. Rescheduling of service to alter the economic order of scheduling after the schedule has been issued will not be permitted.

3.5 Customer's Gas shall be delivered to Customer at the Point(s) of Delivery. To the extent that Customer's acts or omissions cause Company to incur, directly or indirectly,

fees, charges, expenses, or penalties from a supplier or a transporter of Gas to Company for failure to satisfy such supplier's or transporter's balancing or nomination requirements, then Customer agrees to reimburse Company for such fees, charges, expenses, or penalties, and defend, indemnify, and hold Company harmless with respect thereto.

3.6 The Point(s) of Receipt and Point(s) of Delivery may be, or may later become points through which other quantities of Gas are being measured; therefore, the measurement of Gas under the Service Agreement may involve the allocation of Gas deliveries. In such event, each party hereto will furnish, or cause to be furnished, to the other all data required to accurately account for all Gas.

3.7 Except as may be set forth on a Service Order, Company shall receive and deliver Gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. It is recognized that it may be physically impracticable, because of measurement, Gas control limitations and other operating conditions, to stay in zero (0) imbalance each hour and each Day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, Week, or Month, then Company and Customer shall adjust receipts and/or deliveries such that the quantities received and delivered shall be kept as near to zero (0) imbalance as practicable.

3.8 (a) Company agrees to use reasonable efforts to make available to Customer sufficient capacity in the applicable Systems to effect the purposes contemplated hereby. However, because of the vagaries of pipeline operations and demands placed upon Company at various times throughout the Year, Company, during periods of curtailment or force majeure on its Systems or on a portion of the Systems that serves Customer, shall have the right at any and all times during the term hereof to temporarily decrease, suspend, or discontinue completely and immediately the receipt or delivery of Gas hereunder. Company reserves the right to issue an Operational Flow Order to alleviate conditions, *inter alia*, which threaten or could threaten the safe operations or system integrity of the Company's system or to maintain operations required to provide efficient and reliable service. If pursuant to the foregoing Company curtails or temporarily discontinues the receipt or delivery of Gas hereunder, Customer agrees to hold Company harmless from any loss, claim, damage, or expense that Customer may incur by reason of such curtailment or discontinuance. Company's rendering of service hereunder shall not obligate Company in any

manner beyond the terms of the Service Agreement and the Exhibits attached thereto.

- (b) Curtailment and interruption of service may be ordered by the Company at any time if, in Company's sole judgment, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes, the conduct of which will occasion interruption, upon such notice as is reasonable under the circumstances and in the following order, to the extent practicable:
- (1) Service is provided on a fully interruptible basis and shall be curtailed whenever curtailment or interruption becomes necessary in Company's sole judgment. Curtailment of interruptible service will begin with Customers whose deliveries from the applicable Systems exceed such Customer's receipts into the Systems to the extent such over deliveries can be determined; then service providing Company, in Company's sole judgment, the least economic value will be curtailed; and then curtailment will be imposed in an ascending order of economic value of the service being rendered. The term of the flowing Gas shall be taken into consideration in determining the economic value for Gas curtailment. For services providing the same economic value, curtailment shall be on a Pro Rata Share basis.
 - (2) Modifying interruptible service to alter the economic order of curtailment after a curtailment order has been issued will not be permitted.
 - (3) The foregoing order of curtailment shall be applied only to those Customers that are having Gas transported on that part of the applicable Systems affected by the curtailment. If the curtailment exists only on a portion of a System, then only Customers on that portion of the System shall be curtailed. If the curtailment affects the Systems generally, then all Customers shall be affected by the curtailment.
- (c) Subject to the foregoing Sections 3.1 through 3.6(a), Customer shall exercise its best efforts to deliver to the applicable System the Dekatherms of Gas that Company is to deliver from the applicable System to Customer during any particular Day, Week and Month,

including but not limited to volumes needed for peak day usage by Customer's customers.

- (d) In no event shall Company be required to accept a request for service for a quantity of Gas which Company cannot meter with reasonable accuracy at the Point(s) of Receipt or Delivery. If Customer's request for service involves a quantity which Company cannot meter with reasonable accuracy at the requested Point(s) of Receipt or Delivery, Company will promptly so inform Customer and advise Customer of the quantity that can be metered with reasonable accuracy at the proposed Point(s) of Receipt and Delivery.
- (e) Customer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where natural Gas is delivered to Company by Customer or for Customer's account, and downstream of the Point(s) of Delivery where natural Gas is to be delivered by Company to or for the account of Customer, which arrangements shall be compatible with Company's system operations and coordinated with Company's Gas control department.
- (f) Company shall not be required to render service on behalf of Customer in the event that all facilities necessary to render such services do not exist at the time such service is requested.
- (g) Company shall not be required to provide service if Company or any of its other customers will be required to purchase new quantities of Gas from any source or to increase purchases from existing suppliers in order to render such service.
- (h) Company shall not be required to acquire, construct, install, operate, modify, maintain, continue in existence or ownership of, or rearrange any facilities specifically applicable to an individual Customer in order to provide any service. Company may, in its reasonable discretion, which discretion shall not be applied in a discriminatory manner, and with the agreement of the Customer, agree to acquire, construct, install, operate, modify or rearrange any such necessary facilities, subject to the provisions hereof, in order to provide service. Company's determination as to the maintenance or continued maintenance, existence or ownership of any facility shall be made in Company's sole discretion which discretion shall not be applied in a discriminatory manner. In the event Company agrees to

acquire, construct, install, operate, modify or rearrange facilities, then Company shall have the right to condition its agreement to so acquire, construct, install, operate, modify or rearrange their facilities by requiring that Customers bear and/or pay Company for all or part of costs associated with the acquisition, installation, construction, modification, operation, and rearrangement of such facilities.

- (i) Inquiries related to the availability, capacity, or pricing of services are answered by representatives of Company.
- (j) Should any litigation be commenced between the Company and Customer concerning any provision of the Service Agreement or the rights and duties hereunder, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in such proceeding, to a reasonable sum as and for its attorney's fees in such litigation, which sum shall be determined in such litigation or in a separate action for such purpose.

ARTICLE 4 PRESSURE AND QUALITY OF GAS

4.1 Customer shall deliver (or cause to be delivered) the Gas to the Systems at the Point(s) of Receipt at a pressure sufficient to effect delivery into the Systems at that point. If necessary, Customer shall provide additional compression to make such deliveries hereunder, and Company shall not have any cost or responsibility in that regard. Company shall not be obligated to accept Gas at pressures greater than the maximum allowable operating pressure for the System facilities into which such Gas is flowing.

4.2 Subject to the provisions of Section 3.8(a) above, the Gas shall be delivered to Customer from the System at the Point(s) of Delivery at pressures sufficient to effect deliveries to Point Operator's facilities, but not to exceed the pressure that is available at such Point(s) of Delivery. Company shall not be required to compress Gas in order to make deliveries hereunder.

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

- (a) Contain not more than one-quarter (1/4) grain of hydrogen sulfide per 100 cubic feet, as determined by a method generally acceptable for use in the Gas industry;

- (b) Contain not more than twenty (20) grains of total sulfur per 100 cubic feet;
- (c) Contain not more than two percent (2%) by volume of carbon dioxide;
- (d) Contain not more than four percent (4%) by volume of total inerts, including carbon dioxide and nitrogen.
- (e) Contain not more than two-tenths of one percent (.2%) by volume of oxygen;
- (f) Contain a gross heating value equivalent to at least 975 British Thermal Units per cubic foot and not to exceed 1080 British Thermal Units per cubic foot;
- (g) Have a temperature of not more than one hundred twenty degrees (120°) Fahrenheit;
- (h) Contain no water or hydrocarbons in liquid form;
- (i) Contain not more than 7 pounds of water in vapor stage per 1,000 Mcf of Gas; and
- (j) Interchangeability: Must be interchangeable with Gas which is: (1) in the receiving transmission facilities; and (2) delivered to the nearest end user, city border station, aggregation point or other pipeline interconnected with such receiving transmission facility; and (3) downstream of the Point(s) of Delivery.

4.4 Customer agrees to supply Company, at Company's request at any time and from time to time, a sample of liquids removed from the Gas stream of the facilities which deliver Gas to Company, which sample is to be taken from a point upstream from the Point(s) of Receipt. Said sample shall not contain any toxic, hazardous, or deleterious materials or any materials which Company, in its sole discretion, deems in any way harmful to its facilities, personnel or the environment, including, but not limited to, polychlorinated biphenyls (PCBs), and substances or materials considered hazardous or other similar terms, or requiring investigation, remediation or removal under any federal, state or local statute, regulation, rule or ordinance or any amendments thereof, whether now in effect or as may be in effect in the future. If such samples contain any such materials or substances, Company shall have the right, in its sole discretion and in addition to other remedies available to it, to immediately cease receipt of Gas through the Point(s) of Receipt until such time as all such materials or substances are eliminated from the Gas such that Company, in its sole discretion, elects to again receive such Gas through the Point(s) of Receipt. Should Customer fail or refuse to eliminate all such materials or substances within a reasonable time, Company shall have the right, upon written notice, to

terminate the Service Agreement. Customer hereby expressly agrees to indemnify and hold Company and Company's affiliates and personnel harmless from and against any and all liabilities, losses, claims, damages, actions, costs, fines, and expenses of whatever nature, including, but not limited to, court costs and attorneys' fees arising out or in any manner relating to the presence of PCBs and/or any other toxic, hazardous, deleterious, harmful, or unsafe materials as described above in Gas delivered into Company's System.

4.5 (a) If the Gas offered for delivery to Company at the Point(s) of Receipt or made available to or on behalf of Customer at the Point(s) of Delivery has failed at any time to conform to any of the specifications set forth in this Article 4, then the party receiving such Gas (the "receiving party") shall notify the other party (the "tendering party") of such deficiency and thereupon the receiving party may at its option refuse to accept such Gas pending correction by the tendering party. Upon the tendering party's failure promptly to remedy any deficiency in quality as specified in this Article 4, the receiving party may accept such Gas and may make changes necessary to bring such Gas into conformity with such specifications, and the tendering party shall reimburse the receiving party for any reasonable expense incurred by it in effecting such changes. In no event shall the failure of any Gas offered for delivery to Company by Customer or for Customer's account to conform to any of the specifications set forth in this Article 4 relieve Customer of Customer's obligation to pay any service charges incurred with respect to such Gas.

(b) The Gas delivered to or for the account of Customer at the Point(s) of Delivery may be odorized by Company by use of an odorant agent of such character as to indicate by a distinctive odor the presence of Gas when deemed desirable or necessary by Company or when governmental authorities having jurisdictions so require. Whenever odorized Gas is delivered, the quality and specifications, as set forth in this Article 4 of such Gas shall be determined prior to the addition of an odorant or with proper allowance for changes or additions due to such odorant.

ARTICLE 5 PAYMENT

5.1 Customer agrees to pay any amounts due pursuant to the Service Agreement and the General Terms and Conditions to Company within ten (10) days after receipt of an invoice from Company.

5.2 Should Customer fail to pay any amount or deliver any Gas due under any Service Agreement when such amount is due, interest on the unpaid portion shall accrue at a rate (which in no event shall be higher than the maximum rate permitted by applicable law) equal to one and one-half percent (1 ½%) per month from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment or delivery is due, Company, in addition to any other remedy it may have, may suspend further receipts and deliveries of Gas until such amount is paid or delivered; provided, however, that if Customer in good faith shall dispute in writing the amount of any such bill or part thereof and shall pay and deliver to Company such amounts as it concedes to be correct and, at any time thereafter within thirty (30) days of the due date of such payment, shall furnish a good and sufficient surety bond in an amount and with surety satisfactory to Company, guaranteeing payment and delivery to Company of the amount ultimately found due upon such bills, including interest thereon, after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further receipts and withdrawals of Gas unless and until default be made in the conditions of such bond. As an alternative to posting a bond, Customer may pay the portion of any amount in dispute without waiving its rights to recoup any monies improperly billed. If the portion of any amount in dispute is ultimately determined to be incorrect, such amount shall be refunded by Company to Customer together with interest thereon at a rate (which in no event shall be higher than the maximum allowed by law) equal to one and one-half percent (1½%) per Month for the period from the date of payment to Company to the date of refund by Company.

ARTICLE 6 STATEMENTS AND RECORDS

6.1 On or before the twenty-fifth (25th) day of each calendar month after commencement of Gas receipts and deliveries hereunder, Company shall render to Customer a statement for the preceding Month showing the total Dekatherms of Gas received and delivered and each Point(s) of Receipt and Point(s) of Delivery, and any information needed to explain and support any adjustment made by Company. Any such statement (and supporting documents) may also be sent to Customer's suppliers of Gas. When information necessary for statement purposes is in the possession of Customer, Customer shall furnish such information to Company on or before the tenth (10th) day of the Month in which the statement requiring such data is to be rendered.

6.2 Both parties hereto shall have the right at any and all reasonable times to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder. Both parties shall preserve for a period of two (2) years all test data, charts and other similar records. If it shall be found at any time or times that Customer has been overcharged or undercharged in any form whatsoever under the provisions

of the Service Agreement and Customer shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, Company shall refund the amount of any such overcharge, or Customer shall pay the amount of any such undercharge, provided, however, that interest calculated in accord with Section 5.2 of Article 5 shall apply to any undercharge not paid within thirty (30) days from the date of Company's notification to Customer of the amount of the undercharge. In the event an error is discovered in the amount billed in any statement rendered by Company, such error shall be adjusted within thirty (30) days of the final determination thereof provided that claim therefor shall have been made within sixty (60) days from the date of discovery of such error but, in any event, within twenty-four (24) months from the date of payment.

6.3 Company shall establish and operate a website as required by state statute or government regulation for intrastate pipelines.

ARTICLE 7 MEASUREMENT AND TESTS

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

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

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

7.3 Temperature shall be determined by a recording thermometer continuously used and installed according to Paragraph 7.1.

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

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

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

7.7 Tests to determine total sulfur, hydrogen sulfide, oxygen, carbon dioxide, total inerts, and water vapor shall be made by approved standards methods in general use by the Gas industry. Such tests shall be made at the request of either party hereto. If a test is performed at Customer's request and shows that the quality specifications as set forth in Section 4.3 hereof have been satisfied, Customer shall pay all costs and expenses of Company related to such test.

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

7.9 Electronic Flow Measurement ("EFM")

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

7.10 The accuracy of the measuring and testing equipment shall be verified according to Company's standard for the device being used and at other reasonable times upon request of Customer or Company. Gas quality tests may be made at times of equipment testing or at other reasonable times. Unless a test is requested by Customer, notice of the

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

7.11 If, at any time, any of the measuring or testing equipment is found to be out of service, or registering inaccurately of any percentage, it shall be adjusted at once to read accurately within the limits prescribed by the manufacturer. If such equipment is out of service or inaccurate by an amount exceeding two percent (2%) at a reading corresponding to the average rate of flow for the period since the last preceding test, the previous reading of such equipment shall be disregarded for any period definitely known or agreed upon, or if not so known or agreed upon, for a period of time equal to one-half of the elapsed time since the last test. The volume of Gas delivered during such period shall be estimated (i) by using the data recorded by any check measuring equipment if installed and accurately registering, or if not installed or registering accurately, (ii) by correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation, or if neither such method is feasible, (iii) by estimating the quantity or quality delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately. No adjustment shall be made for recorded inaccuracies of two percent (2%) or less.

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

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

ARTICLE 8
TITLE TO AND RESPONSIBILITY FOR GAS

8.1 Customer warrants title to all Gas delivered by it into the Systems hereunder, and Customer warrants and represents that it has the right to deliver the Gas hereunder, and that such Gas is free from liens and adverse claims of every kind. Customer agrees to defend, indemnify and save Company harmless from and against all loss, damage, claims, and expense of every character with respect to Gas delivered by it on account of royalties, taxes, payments, liens, or other charges or claims arising (1) before or created upon delivery of said Gas into the Systems, and (2) upon and after delivery of said Gas from the Systems to or for the account of Customer.

8.2 As between the parties hereto, Customer or its supplier shall be deemed to be in the exclusive control and possession of the Gas until such Gas has been delivered to Company at the Point(s) of Receipt, and after its withdrawal by or for the account of Customer at the Point(s) of Delivery. After Customer's or Customer's suppliers' delivery of such Gas at the Point(s) of Receipt, Company shall thereafter be deemed to be in the exclusive control and possession of such Gas until its withdrawal by Customer at the Point(s) of Delivery. The party which shall be in the exclusive control and possession of such Gas shall be responsible for all in injury or damage caused thereby and shall be responsible for any loss of Gas while in its possession, except with regard to injury, damage or loss caused by or arising out of the negligence of the nonpossessory party.

8.3 The Systems shall at all times remain the property of Company, and Customer shall have no right or property interest therein but only the right for the service to be rendered.

ARTICLE 9
FORCE MAJEURE AND CASUALTY

9.1 If either Company or Customer or Point Operator is rendered unable, wholly or in part, by reason of force majeure or any other cause of any kind not reasonably within its control, whether or not such force majeure event or cause was foreseeable at the time the Service Agreement is entered into, to perform or comply with their obligations hereunder, then such party's obligations or conditions shall be suspended during the continuance of such inability and such party shall be relieved of liability for failure to perform the same during such period; provided, however, obligations to make payments when due hereunder shall not be suspended. Any force majeure event (other than labor disputes, strikes, or lockouts) shall be remedied so far as possible with reasonable dispatch. Settlement of strikes, lockouts, and labor disputes shall be wholly within the discretion of the party having the difficulty. The term "force majeure" shall include, but is not limited to, the following: acts of God and the public enemy; the elements; fire, tornadoes, freezing of pipelines, accidents, breakdowns, strikes; any industrial, civil, or public distur-

bance; inability to obtain or delay in obtaining rights-of-way, material, supplies, permits, or labor; any act or omission by parties not subject to control by the party hereunder having the difficulty; and any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military.

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

ARTICLE 10
GOVERNMENTAL RULES, REGULATIONS,
AND AUTHORIZATIONS

10.1 The Service Agreement is subject to all valid orders, laws, rules, and regulations of duly constituted State and Federal governmental authorities and agencies having jurisdiction or control over the parties, their facilities or Gas supplies, the Service Agreement, or any provision hereof. If at any time during the term of the Service Agreement any such governmental authority shall take any action as to any party whereby the delivery and receipt of Gas, as contemplated herein, shall be proscribed or subjected to terms, conditions, restraints, or regulations, including rate or price controls or ceilings, that in the judgement of the party affected are burdensome to that party, such determination to be made by the affected party in its sole discretion, the Service Agreement shall be modified to the minimum extent possible so as to comply with such orders, laws, rules and regulations. Otherwise, the Service Agreement shall remain in full force and effect. Neither party shall have the right thereafter to cancel or terminate the Service Agreement by reason of such modification to the Service Agreement.

ARTICLE 11
CREDITWORTHINESS

11.1 Company shall not be required to initiate service on behalf of any Customer or provide service or to continue service for any Customer who is or has become insolvent or who, at Company's request, fails within a commercially

reasonable time to demonstrate credit worthiness as determined by the Company in its sole discretion, provided, however, Customer may receive service if Customer furnishes good and sufficient security as determined by Company in the exercise of reasonable discretion. For the purpose of this section, the insolvency of a Customer shall be evidenced by the filing by Customer or any parent entity thereof of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction over the premises adjudging Customer bankrupt or insolvent or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition or in respect of the Customer under the Federal Bankruptcy Act or any other applicable federal or state law or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Customer or of any substantial part of its property or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

ARTICLE 12
MISCELLANEOUS

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

12.2 (a) Any of the following events or conditions shall constitute a default of Customer under the Service Agreement:

- (1) Default in the delivery of any payment or any sums hereunder for a period of thirty (30) days after the same becomes due;
- (2) Any other breach of the terms and conditions of the Service Agreement and the failure of Customer to cure such breach within thirty (30) days after written demand by Company or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) day period, provided that Customer shall have commenced such cure within such thirty (30) day period and thereafter diligently continues its efforts to cure such breach until such breach shall have been fully cured;
- (3) Customer shall (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bank-

ruptcy Code, or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Customer;

- (4) A proceeding or case shall be commenced, without the application or consent of the affected party, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Customer (ii) the appointment of a trustee, receiver, liquidator or custodian of such party or of all or substantially all of its assets, or (iii) similar relief under any law relating to bankruptcy or insolvency, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) days; or
 - (5) If any certificate, statement, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.
- (b) Upon the happening of any event of default as set forth in subparagraph 12.2(a) above, Company shall have the right to do any one or more of the following without demand or notice of any kind:
- (1) Declare due, sue for, and receive from Customer the sum of all payments and all other amounts due and owing under the Service Agreement plus the sum of all payments and other amounts to become payable during the balance of the term of the Service Agreement;
 - (2) Retake possession of the entire capacity of the System without any court order or other process of law and without any rights of Company being thereupon terminated;
 - (3) Terminate the Service Agreement and any Service Order related thereto, and the Exhibits;
 - (4) Pursue any other remedy at law or in equity.
- (c) Any of the following events or conditions shall constitute an Event of Default with

respect to Company under the Service Agreement:

- (1) Default in the crediting of any sums due to Customer or in the payment of any other sums due to Customer under the Service Agreement for a period of ninety (90) days after the same is established by Company to have become due;
- (2) Company's breach of any material term or condition of the Service Agreement and the failure of Company to cure such breach within thirty (30) days after written demand by Customer or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) day period, provided that Company shall have commenced such cure within such thirty (30) day period and thereafter diligently continues its efforts to cure such breach until such breach shall have been fully cured.
- (3) Company shall (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Company;
- (4) A proceeding or case shall be commenced, without the application or consent of the affected party, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Company, (ii) the appointment of a trustee, receiver, liquidator or custodian of such party or of all or substantially all of its assets, or (iii) similar relief under any law relating to bankruptcy or insolvency, and such proceeding or case shall continue undismissed, or an order, judgement or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) days;

- (d) Upon the happening of any event of default as set forth in subparagraph 12.2(c) above, Customer shall have the right to do any one or more of the following without demand or notice of any kind:
 - (1) Declare due, sue for, and receive from Company the sum of all outstanding credits and other amounts due and owing under the Service Agreement;
 - (2) Terminate the Service Agreement and any Service Order related thereto, and the Exhibits;
 - (3) Pursue any other remedy at law or in equity.
- (e) The rights granted to Company and Customer hereunder shall be cumulative as to each and action on one shall not be deemed to constitute an election or waiver of any other right to which Company or Customer may be entitled.
- (f) Upon the termination of the Service Agreement, whether by lapse of time or otherwise, Customer will surrender any and all rights in the Systems immediately.

12.3 Company shall not be liable to Customer by reason of the failure of Company to deliver, or the Customer to receive, natural Gas when such failure is caused by repairs, maintenance, rebuilding, expansion, reduction, changes, or adjustments in the System or in Company's equipment and facilities.

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

12.5 The Service Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Neither the Service Agreement nor the Exhibits attached thereto nor the rights and obligations of Customer hereunder may be assigned without the consent of Company, to be granted or denied by Company in its sole discretion.

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

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

12.8 Except as provided below, Customer shall pay all fees, taxes, charges, and assessments imposed by or on behalf of any governmental entity in connection with the Service Agreement or in connection with the purchase, transportation, and disposition of Gas by or on behalf of Customer pursuant to the Service Agreement including but not limited to municipal and/or supplemental fees, franchise fees and any supplements thereto and taxes; provided that Company shall pay all ad valorem taxes and assessments levied on the System and all appurtenant facilities. Company shall file all returns required for the Systems and all appurtenant facilities. Customer will furnish Company with any information available to Customer in connection with Company's obligations under this section.

12.9 The Service Agreement shall be interpreted under the laws of the State of Oklahoma, excluding any law thereof directing the application of the laws of another jurisdiction.

12.10 Company and Customer agree to exercise and take reasonable steps necessary to safeguard and cause their officers, directors, employees, agents, advisers, and representatives to safeguard the confidentiality of the Service Agreement and the terms and conditions thereof (as contrasted with the existence and effectiveness of the Service Agreement which are not confidential) and not to disclose any part of it or any information derived therefrom or any negotiations relating thereto to any party or person except that limited number of people within Company's and Customer's organizations, and their advisers, lenders and potential investors, as may need to know the terms and conditions hereof in order to evaluate, understand, execute and perform the Service Agreement. Company and Customer agree not to copy or permit the copying of the Service Agreement, except as may be necessary for their operations. In the event Customer or Company or any of their officers, directors, employees, agents, or representatives, is requested or required (by oral or written question or request for information or documents in legal proceedings, interrogatories, subpoena, Civil Investigative Demand or similar process) to disclose any information concerning the Service Agreement or the terms and conditions thereof or any negotiations relating thereto, it is agreed that the party receiving such question or request will provide the other parties with prompt notice thereof so that such other parties may seek a protective order or other appropriate relief or a release from the other parties. It is further agreed that if, in the absence of a protective order or receipt of a release, the other party is compelled to disclose such information or else stand liable for contempt or suffer other censure or penalty or adverse effect, then such party may disclose such information. The parties hereto are further authorized to make disclosure of the Service Agreement as may be required by Federal, state, or local regulation or agency, or as may be

required by auditors or accountants in connection with the preparation of financial statements or tax returns. Disclosure hereunder shall not constitute a basis for defense, termination, or modification of the Service Agreement.

12.11 (a) Informal Resolution. Customers are first encouraged to work with Company to resolve problems on an informal basis prior to filing a formal complaint.

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

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

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

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

(d) Additional Review. If the complaint is not resolved to the Customer's satisfaction, the Customer may request formal review by the OGT Vice President.

12.12 The parties hereto agree, except with respect to the term as stated in the Service Agreement, that any differences arising over the performance of the Service Agreement, or an alleged breach thereof, or the interpretation or effectuation of any provision contained herein, shall be settled by arbitration pursuant to Oklahoma's Uniform Arbitration Act, 15 O.S. 1981, §§801-18 as amended. Each party shall select one arbitrator, and the two arbitrators so chosen shall then select a third person, who shall not have an interest in the outcome of the controversy or be related to or have an economic interest in or related to one of the other arbitrators or one of the parties hereto. Each arbitrator must be familiar with the natural Gas industry. The procedures to be followed in the arbitration, including discovery (if any is ordered by the arbitrators, or a majority thereof) shall be established by the arbitrators, or a majority thereof. A decision of a majority of the arbitrators, after a full hearing and opportunity to present the full case of each party, in writing and with notification to the parties, shall be binding on the parties, and be a condition precedent to any action at law or in equity relating to the Service Agreement. Each party shall bear full responsibility

for that party's own expenses attendant to the arbitration proceeding, including attorneys' fees and the fees and expenses of the arbitrator appointed by that party, and both parties shall share equally in the payment of all other costs of the arbitration.