

ONEOK Texas Gas Storage, L.L.C.

Statement of Operating Conditions

Volume No. 1

ARTICLE 1

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, the possession, directly or indirectly, and whether acting alone or in conjunction with others, of the authority to direct a direction of the management or policies of a person or entity. Control may be exercised through management, ownership of voting securities or other right to vote, by contract or otherwise.

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

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

1.4 “Day” or “Gas 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” or “Dth” shall mean one million Btu’s.

1.6 “Effective Date” shall mean the date specified in the Service Order.

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 (Withdrawal Quantity) at one or more Point(s) of Delivery, which Dekatherms shall be the thermal equivalent of the Injected Quantity delivered to Company at the Point(s) of Receipt by or on behalf of Customer during that period of time, less the applicable Fuel and Use Quantity.

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

1.9 “Fuel and Use Factor” shall be the applicable factor established by FERC or any other governmental authority having jurisdiction as such factor may change from time to time.

1.10 “Fuel and Use Quantity” shall be equal to the product of the applicable Fuel and Use Factor and the Injected 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 “Hour” shall mean a one hour period commencing at the start of a given hour within the Day and ending 60 minutes later within the Day.

1.13 “Injected Quantity” shall mean the quantity of Gas received into the Storage System by or on behalf of Customer.

1.14 “Injection Period” shall mean that period of time in which gas may be injected by Customer into the Storage System, as set forth on the Service Order.

1.15 “Maximum Annual Injection Quantity” (“MAIQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injections into the Storage System in any Contract Year, as set forth on the Service Order.

1.16 “Maximum Annual Withdrawal Quantity” (“MAWQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any Contract Year, as set forth on the Service Order.

1.17 “Maximum Monthly Injection Quantity” (“MMIQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injections into the Storage System during any Month, as set forth on the Service Order.

1.18 “Maximum Monthly Withdrawal Quantity” (“MMWQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any Month, as set forth on the Service Order.

1.19 “Maximum Daily Injection Quantity” (“MDIQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injections into the Storage System in any one Day, as set forth on the Service Order.

1.20 “Maximum Daily Withdrawal Quantity” (“MDWQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any one Day, as set forth on the Service Order.

1.21 “Maximum Hourly Injection Quantity” (“MHIQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may deliver to Company for injection into the Storage System in any Hour, as set forth on the Service Order.

1.22 “Maximum Hourly Withdrawal Quantity” (“MHWQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may withdraw from the Storage System in any one Hour, as set forth on the Service Order.

1.23 “Maximum Storage Quantity” (“MSQ”) shall mean the maximum amount of Dekatherms of Gas that Customer may store in the Storage System at any one time, as set forth on the Service Order.

1.24 “Mcf” shall mean one thousand (1,000) cubic feet of Gas.

1.25 “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.

1.26 “Nomination” shall mean the request for services at a specified time, date, quantity and rate at the Point(s) of Receipt and Delivery.

1.27 “OFO Period” shall mean the period of time in which an OFO is in effect.

1.28 “Operational Flow Order” (“OFO”) shall mean the issuance of notice that physical flows at each Point(s) of Receipt must balance the confirmed or scheduled flows at each such Point(s) of Receipt and the physical flows at each Point(s) of Delivery must balance the confirmed or scheduled flows at each such Point(s) of Delivery, via the telephone, facsimile, or electronic means, which are intended to alleviate conditions which threaten or could threaten the safe operations or system integrity of the Company’s Systems, or which are required to maintain reliable service.

1.29 “Party” shall mean Customer or Company and the term “Parties” shall mean Customer and Company.

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

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

1.32 “Point(s) of Receipt” or “Point(s) of Injection” shall mean the point or points where Company shall receive Gas into the System from Customer, as described on the applicable Service Order.

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

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

1.35 “Psia” shall mean pounds per square inch, absolute.

1.36 “Psig” shall mean pounds per square inch, gauge.

1.37 “Section 311 Interruptible Storage Service (“SISS”)” is available to any customer with an effective Service Order, subject to availability of storage capacity as determined by the Company.

1.38 “Service Order or Service Orders” shall mean a completed Exhibit A relating to Section 311 Interruptible Storage Service.

1.39 “Shipper” shall mean any person for whom the transmission or storage of natural Gas is being performed.

1.40 “Storage Service” shall consist of: (i) the receipt and injection of Gas into storage, (ii) the storage of gas, and (iii) the withdrawal and delivery of Gas for the account of Customer.

1.41 “Storage System or Storage or Storages” shall mean the underground natural or manmade facilities operated by Company to store natural Gas.

1.42 “System or Systems” shall mean the storage facilities and related equipment located in the State of Texas, including but not limited to the compressors, regulators, meters and support facilities.

1.43 “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.

1.44 “Withdrawal Period” shall mean that period of time in which gas shall be delivered by Company from the Storage System for Customer, as set forth on the Service Order.

1.45 “Withdrawal Quantity” shall mean the quantity of Gas delivered from the Storage System by or on behalf of Customer, as set forth on the Service Order.

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

ARTICLE 2

AVAILABILITY

2.1 This service is available to any Customer on a nondiscriminatory, open access basis for Section 311 Interruptible Storage Service provided the following:

- (a) Sufficient uncommitted capacity is available in the Storage System to perform the service requested by Customer;
- (b) Customer and Company have executed a Service Order for the storage of gas, or have confirmed an existing Service Order to be consistent herewith; which Service Order sets forth the information defined below;
- (c) Gas is physically delivered to Company for storage hereunder;
- (d) Customer has a Gas supply and appropriate upstream and/or downstream transportation for such Gas with the effect that Customer will be able to utilize the storage service;
- (e) Company has determined that such storage service can be provided without detriment to its other operations; and
- (f) Company, unless otherwise agreed, is not required to construct, modify, expand or acquire any facilities.

ARTICLE 3

RESTRICTIONS AND RESERVATIONS

3.1 It is understood and agreed that Customer has only the right to the service being rendered by the Company. All equipment, including (but not in any way limited thereto) all pipe, valves, fittings, and meters, comprising the Systems and all other property and capacity rights and interests, shall at all times during the term of the Service Order 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 Order.

3.2 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 provided, however, Customer shall be temporarily excused from its obligations hereunder during any period of curtailment or suspension for the period of any such suspension of deliveries, if service to Customer is curtailed or suspended for more than twenty-four (24) consecutive hours.

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

3.4 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.

3.5 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 4

OPERATIONS

4.1 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 reasonable discretion with no further obligation to Customer with respect to such Point(s) of Receipt. All supplies of Gas delivered to the Systems must comply with the terms and conditions of the Service Order. Additions or deletions may be made to the Point(s) of Receipt or Point(s) of Delivery in the Service Order.

4.2 Customer shall advise (in a method and format applied by the Company to its customers) Company with respect to the name of each supplier with whom it has a contract on Company's system (and the name of the individual with such suppliers responsible for Customer's account), which source of supply is delivering to Company for injections, 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 reasonable efforts to estimate receipts or deliveries for that nomination period. Customer shall not intentionally nominate more or less Gas than is needed by Customer, except as may be needed for balancing purposes. Customer may not inject and withdraw simultaneously without approval from Company. If during a Month, Customer's other supplies are renominated or reallocated, if Customer's operations are modified in any manner or if it appears that the original 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.

- 4.3 (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 volume of gas available for delivery as determined by the Point Operator. If no communication is received from the Point Operator, nominations stand as confirmed.
- (b) Prior to the start of the flow day, for which nominations are made by Customer, Company will confirm to Customer the amount scheduled for delivery for such day.
- (c) The standard nominations shall be made as follows: 11:30 a.m. for nominations leaving control of 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.

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

- (a) Firm Intrastate Storage Service
- (b) Interruptible Storage Service. Highest economic value as determined by Company, in its sole judgment. 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.

4.5 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.

4.6 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 Order may involve the allocation of Gas deliveries. In such event, each Party hereto will furnish, or cause to be furnished, to the extent the information is available, to the other Party all data required to accurately account for all Gas through the Point(s) of Receipt and Point(s) of Delivery.

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

then Company and Customer shall adjust receipts and/or deliveries such that the quantities received and delivered shall be kept as near to zero (0) imbalance as practicable.

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

4.9 If required to maintain reliable service, or to alleviate conditions which threaten or could threaten the safe operations or system integrity of the Company's Systems, Company may issue an OFO as defined in article 1.28. Curtailment and interruption of service may be ordered by 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:

- (a) SISS service is provided on a fully interruptible basis and shall be curtailed whenever curtailment or interruption becomes necessary in Company's sole judgment. Curtailment of interruptible service will begin with Customers with the least economic value to be curtailed first; and then curtailment will be imposed in an ascending order of economic value of the service being rendered. For services providing the same economic value, curtailment shall be on a Pro Rata Share basis.
- (b) Modifying interruptible service to alter the economic order of curtailment after a curtailment order has been issued will not be permitted.
- (c) 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 Article 5, 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 to promptly remedy any deficiency in quality as specified in Article 5, 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 Article 5 relieve Customer of Customer's obligation to pay any service charges incurred with respect to such Gas.

4.10 Company shall not be liable for any loss or damage to any person or property caused, in whole or in part, by any interruption of service, except to the extent caused solely by Company's negligence or willful misconduct.

4.11 Subject to the foregoing Sections 4.1 through 4.8, Customer shall exercise reasonable efforts to deliver to the applicable System the Dekatherms of Gas that Company is to deliver from the applicable System to Customer during any particular Hour, Day, Week and Month, including but not limited to volumes needed for peak day usage by Customer's customers.

4.12 Customer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where natural Gas is delivered to Company by Customer or for Customer's account, and downstream of the Point(s) of Delivery where natural Gas is to be delivered by Company to or for the account of Customer, which arrangements shall be compatible with Company's system operations and coordinated with Company's Gas control department.

4.13 Company shall not be required to render service on behalf of Customer in the event that all facilities necessary to render such services do not exist at the time such service is scheduled to begin.

4.14 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.

4.15 Except as provided in Section 4.1 hereof, Company shall not be required to acquire, construct, install, operate, modify, maintain, continue in existence or ownership of, or rearrange any facilities specifically applicable to an individual Customer in order to provide any service. Company may, in its reasonable discretion, and with the agreement of the Customer, agree to acquire, construct, install, operate, modify or rearrange any such necessary facilities, subject to the provisions hereof, in order to provide service. Company's determination as to the maintenance or continued maintenance, existence or ownership of any facility shall be made in Company's reasonable discretion. 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.

4.16 Inquiries related to the availability, capacity, or pricing of services are answered by representatives of Company.

4.17 Should any litigation be commenced between Company and Customer concerning any provision of the Service Order 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 5

PRESSURE AND QUALITY OF GAS

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

5.2 Subject to the provisions of Section 4.8 above, the Gas shall be delivered for Customer from the System at the Point(s) of Delivery at pressures sufficient to effect deliveries to Point Operator's facilities, but not to exceed the pressure that is available at such Point(s) of Delivery. Company shall not be required to compress Gas in order to make deliveries hereunder.

5.3 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) Shall not contain more than three-quarters (3/4) grains of mercaptans per one hundred (100) cubic feet as determined by quantitative methods in general use within the industry and mutually acceptable to the Parties, except where mercaptans are injected as odorant and then the Parties may use industry standard procedures for odorization;
- (c) Contain not more than five (5) grains of total sulfur per 100 cubic feet;
- (d) Contain not more than two percent (2%) by volume of carbon dioxide;
- (e) Contain not more than five percent (5%) by volume of total inerts;
- (f) Contain not more than twenty hundredths percent (0.20%) by volume of Oxygen (O₂);
- (g) Contain not more than three percent (3%) by volume of Nitrogen (N₂);
- (h) Contain not more than thirty-four hundredths (0.34) gallons of Propane and heavier hydrocarbons per Mcf;
- (i) Contain not more than four hundred parts per million (400 ppm) by volume of Hydrogen;
- (j) Contain a gross heating value equivalent to at least 950 British Thermal Units per cubic foot and not to exceed 1100 British Thermal Units per cubic foot;
- (k) Have a temperature of not more than one hundred twenty degrees (120°) Fahrenheit nor less than forty degrees (40°) Fahrenheit;
- (l) Contain no water or hydrocarbons in liquid form;
- (m) Contain not more than seven (7) pounds of water vapor per million (1,000,000) cubic feet; and
- (n) 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.

5.4 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 Order. 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.

- 5.5 (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 5, 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 5, 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 5 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 5 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 6

RATES, CHARGES AND PAYMENT

6.1 Each month during the term of Service Order, Customer shall pay Company (i) a charge for each MMBtu of gas received by Company hereunder and (ii) such other charges as are identified herein. The maximum monthly charge for storage service hereunder shall be the applicable maximum rate established by FERC, or any successor agency having jurisdiction over the service provided hereunder, as such rate may be revised from time to time. Company reserves the right to file to revise the maximum rate at any time. Company has elected to base its rates upon the methodology provided in the FERC's Order Granting Adjustment, issued March 9, 1995, in Docket No. SA94-4-000. Notwithstanding the foregoing, in the Company's sole discretion and at its sole option, Company may provide storage services hereunder at a discount from the maximum rate established by FERC for service hereunder.

6.2 In addition to the amounts paid pursuant to Section 6.1 above, Customer shall also pay or deliver to Company the following:

- (a) Fuel and Use Quantity shall be the applicable quantity established by the FERC or any other governmental authority having jurisdiction as such quantity may change from time to time.

- (b) Except as provided below, Customer shall pay all applicable surcharges, fees, taxes, charges, and assessments imposed by or on behalf of any governmental entity in connection with the Service Order or in connection with the purchase, transportation and disposition of Gas by or on behalf of Customer pursuant to the Service Order 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. At the request of Company, Customer will furnish Company with any information available to Customer in connection with Company's obligations under this section.

6.3 Customer agrees to pay any amounts due pursuant to the Service Order and the Statement of Operating Conditions to Company within ten (10) days after receipt of an invoice from Company such payment to be made by wire transfer to the account designated by the Company in writing.

6.4 Should Customer fail to pay any amount or deliver any Gas due under any Service Order 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 2%) 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 Customer concedes to be correct and, at any time thereafter within thirty (30) days of the due date of such payment, shall furnish a good and sufficient surety bond in an amount and with surety satisfactory to Company, guaranteeing payment and delivery to Company of the amount ultimately found due upon such bills, including interest thereon, after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further receipts and withdrawals of Gas unless and until default be made in the conditions of such bond. As an alternative to posting a bond, Customer may pay the portion of any amount in dispute 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 (12%) per Month for the period from the date of payment to Company to the date of refund by Company.

ARTICLE 7

STATEMENTS AND RECORDS

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

7.2 Both Parties hereto shall have the right at any and all reasonable times to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder. Both Parties shall preserve for a period of two (2) years all test data, 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 Order 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 6.5 shall apply to any undercharge or overcharge not paid within thirty (30) days from the date of notification to the Party who owes payment of the amount of the undercharge or overcharge. In the event an error is discovered in the amount billed in any statement rendered by Company, such error shall be adjusted 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.

ARTICLE 8

MEASUREMENT AND TESTS

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

8.1 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.

8.2 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.

8.3 Temperature shall be determined by a recording thermometer continuously used and installed according to Paragraph 8.1.

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

8.5 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.

8.6 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.

8.7 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 5.3 hereof have been satisfied, Customer shall pay all costs and expenses of Company related to such test. In all other instances costs and expenses of Company related to such tests shall be born by the Company.

8.8 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.

8.9 Electronic Flow Measurement ("EFM")

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

8.10 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.

8.11 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.

8.12 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.

8.13 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 9

TITLE TO AND RESPONSIBILITY FOR GAS

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

9.2 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 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.

9.3 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 10

FORCE MAJEURE AND CASUALTY

10.1 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 Order 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 disturbance; 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.

10.2 If a portion of the System required to make the service available is partially damaged by fire or other casualty, the damage may be repaired by Company, at its option and in its sole discretion, as speedily as practicable, due allowance being made for the time taken for the settlement of insurance claims. In such event, Company shall notify Customer thereof as soon as reasonably possible except in case of emergency where such notice is impracticable. Until such repairs are made, the payments shall be apportioned in proportion to the portion of the capacity of the System which is still available for the purposes hereof, such determination to be made in the reasonable discretion of Company. If the damage is so extensive as to render the System wholly unusable, in Company's reasonable opinion, the payments, if any, shall cease until such time as the System is again useable. In case the damage shall, in Company's reasonable opinion, amount substantially to a destruction of the portion of the Systems available for the storage of Gas and Company shall elect not to repair the damage, then the Service Order 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 11

GOVERNMENTAL RULES, REGULATIONS, AND AUTHORIZATIONS

11.1 The Service Order 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 Order, or any provision hereof. If at any time during the term of the Service Order any such governmental authority shall take any action whereby the delivery, storage and/or receipt of Gas, as contemplated herein, shall be affected by any such order, law, rule or regulation, or shall be proscribed or subjected to terms, conditions, limitations, restraints, or regulations, including rate, volumetric or price controls or ceilings, the Service Order shall be modified to the minimum extent possible so as to comply with such orders, laws, rules and regulations. Otherwise, the Service Order shall remain in full force and effect. Neither Party shall have the right thereafter to cancel or terminate the Service Order by reason of such modification to the Service Order.

11.2 Company may cancel the Service Order immediately upon Customer's receipt of Company's written notice to cancel if, at any time, any governmental or regulatory authority or official having or asserting jurisdiction takes any action including, without limitation, issuance of a "policy statement," whereby the receipt, storage and delivery of gas as contemplated hereunder or pursuant to other agreements subject to Section 311(a)(2) of the NGPA shall be prohibited or subjected to terms, conditions, restraints or regulations, including rate or price controls, or ceilings or open access requirements which, in the judgment of Company, are unduly or overly burdensome; provided, however, that (i) Company may cancel the Service Order without further liability thereunder, other than the liability to discharge obligations theretofore accrued thereunder, and (ii) nothing contained herein shall preclude the Parties from renegotiating the Service Order if they so choose.

11.3 Execution of the Service Order by Customer shall serve as a warranty to Company that all gas delivered to Company under the terms of the Service Order shall be eligible for storage in interstate commerce under applicable rules, regulations or orders of the FERC. Customer will indemnify Company and save it harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees) and regulatory proceedings arising from breach of this warranty.

ARTICLE 12

CREDITWORTHINESS

12.1 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 Company in its reasonable 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 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 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. If at any time Company is not reasonably satisfied with Customer's credit or ability to perform or if Customer is in arrears in its payments to Company for service provided hereunder, Company may refuse to provide service, suspend performance of future service pending such assurance or payments, demand reasonable security for payment, require payment in cash or

on a more frequent basis than monthly billing cycle, or take such other action as is commercially reasonable under the circumstances to protect Company's interests.

ARTICLE 13

MISCELLANEOUS

- 13.1 (a) Any of the following events or conditions shall constitute a default of Customer under the Service Order:
- (1) Default in the delivery of any payment or any sums hereunder for a period of thirty (30) days after the same becomes due; provided such sums are not disputed by Customer pursuant to and in accordance with Section 6.4 hereof;
 - (2) Any other breach of the material terms and conditions of the Service Order and the failure of Customer to cure such breach within thirty (30) days after written demand by Company or such longer period of time after such notice as may be reasonably required to cure such breach if the breach is not reasonably curable within such thirty (30) day period, provided that Customer shall have commenced such cure within such thirty (30) day period and thereafter diligently continues its efforts to cure such breach until such breach shall have been fully cured;
 - (3) Customer shall (i) apply for or consent to the appointment of or taking of possession by a receiver or liquidator of itself or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts of Customer;
 - (4) A proceeding or case shall be commenced, without the application or consent of the affected Party, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of Customer (ii) the appointment of a trustee, receiver, liquidator or custodian of such Party or of all or substantially all of its assets, or (iii) similar relief under any law relating to bankruptcy or insolvency, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) days; or
 - (5) If any certificate, statement, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.
- (b) Upon the happening of any event of default as set forth in Section 13.2(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 Order plus the sum of all payments and other amounts to become payable during the balance of the term of the Service Order;
 - (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 Order, 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 Order:
- (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 Order for a period of thirty (30) 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 Order 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, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed, for a period of ninety (90) days;
 - (5) If any certificate, representation, or warranty furnished by Customer proves to be false or incomplete in any material respect.
- (d) Upon the happening of any event of default as set forth in Section 13.2(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 Order;
 - (2) Terminate the Service Order, 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 Order, whether by lapse of time or otherwise, Customer will surrender any and all rights in the Systems immediately.

13.2 Company shall not be liable to Customer by reason of the failure of Company to deliver, or the Customer to receive, natural Gas when Customer has been notified of such failure and such failure is caused by repairs,

maintenance, rebuilding, expansion, reduction, changes, or adjustments in the System or in Company's equipment and facilities. Company will utilize reasonable efforts to cooperate with Customer in the timing of repairs, maintenance, rebuilding, expansion, reduction, changes and adjustments to the System to cause least impact to both Parties.

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

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

13.5 Customer will not mortgage, create a security interest in, or encumber the Service Order, 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.

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

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

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

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

ONEOK Texas Gas Storage, L.L.C.
100 West Fifth Street
Tulsa, Oklahoma 74103-4298
Attn.: Formal Complaint

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 Customer's satisfaction, Customer may request formal review by the Vice President.

13.9 The Parties hereto agree, except with respect to the term as stated in the Service Order, that any differences arising over the performance of the Service Order, or an alleged breach thereof, or the interpretation or effectuation of any provision contained herein, shall be settled by arbitration pursuant to Texas' Uniform Arbitration Act, V.T.C.A., Civil Practice and Remedies Code, § 171.001 to 171.098. 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 Order. 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.

13.10 LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OF ANY CHARACTER, INCLUDING BUT NOT LIMITED TO LOSS OF USE, LOST PROFITS (PAST AND FUTURE), ADDITIONAL OUT OF POCKET EXPENSES INCURRED BY EITHER PARTY, OR TORT, CONTRACT OR OTHER CLAIMS RESULTING FROM, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY INCIDENT TO ANY ACT OR OMISSION OF EITHER PARTY RELATED TO THE PROVISIONS OF THIS AGREEMENT, IRRESPECTIVE OF WHETHER CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER REMEDY AT LAW OR EQUITY.

ARTICLE 14

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 Railroad Commission of Texas on February 12, 2008 in Gas Utilities Docket No. 9767 – Application of ONEOK Texas Gas Storage, L.P. [now L.L.C.] Pursuant to Section 311 of the Natural Gas Policy Act for the Review of the Reasonableness of Storage Rates.

Interruptible Service

The maximum rate for interruptible service is \$0.15 per MMBtu of Shipper's working gas storage capacity for injection, together with an in-kind reimbursement of 1.5% for fuel gas and lost and unaccounted for gas on injection for providing monthly storage, injection, and withdrawal service.