

FERC GAS TARIFF
THIRD REVISED VOLUME NO. 1
of
**TRANSCOLORADO GAS
TRANSMISSION COMPANY LLC**
filed with the
FEDERAL ENERGY REGULATORY COMMISSION

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PRELIMINARY STATEMENT

TransColorado Gas Transmission Company LLC, hereinafter referred to as "TransColorado," is a "natural gas company" as defined by the Natural Gas Act (52 Stat. 821, 15 U.S.C. 717-717w) and, as such, is subject to the jurisdiction of the Federal Energy Regulatory Commission, hereinafter referred to as "FERC" or "Commission." As used herein, "TransColorado" shall not include any of TransColorado's affiliates.

TransColorado is a limited liability company organized and existing under the laws of the state of Delaware. The TransColorado System extends from a point of interconnection with various pipelines at two hubs: the Greasewood and Meeker Hubs located in Rio Blanco County, Colorado, and then southward to a point of interconnection with various pipelines at the Blanco Hub located in San Juan County, New Mexico.

This Federal Energy Regulatory Commission Gas Tariff, Third Revised Volume No. 1, includes general terms and conditions, rate schedules, and forms of agreements for the transportation service provided by TransColorado according to 18 C.F.R. Part 284, Subparts B and G.

Transporter's system map can be found using:

<http://pipeline2.kindermorgan.com/default.aspx?code=TCP>

Use the Informational Postings menu and select Tariff, then select the Map link to view the System Map.

STATEMENT OF RATES

RATE SCHEDULE FIRM TRANSPORTATION - FT

STATEMENT OF RATES (Rates per Dth per \$)		
Rate Schedule/ Type of Charge	Base Tariff Rate	
	Minimum	Maximum
Monthly Reservation Charge ^{1/}	\$0.0000	\$9.3194
Optional Volumetric Release	\$0.0000	\$0.3064
Usage Charge	\$0.0014	\$0.0014
Authorized Overrun Charge	\$0.0014	\$0.3239
Unauthorized Overrun Charge	\$15.0000	\$15.0000

OTHER CHARGES:

FL&U Reimbursement Charges: Charges for Fuel and/or L&U shall be assessed according to Section 3.1(c) of Rate Schedule FT.

Marketing Fee: As negotiated between TransColorado and Shipper when TransColorado actively markets Shipper's released capacity.

Balancing Charges: Refer to Section 12 of the General Terms and Conditions.

Annual Charge Adjustment Surcharge: Pursuant to Section 24 of the General Terms & Conditions, the applicable ACA surcharge may be found on the Commission website at <http://www.ferc.gov>.

^{1/} For rates applicable to capacity-release transactions, see Section 6.13 of the General Terms and Conditions of this Tariff.

FLEXIBLE FIRM TRANSPORTATION - FFT (\$/dth/day)

STATEMENT OF RATES (Rates per Dth per \$)		
Rate Schedule/ Type of Charge	Base Tariff Rate	
	Minimum	Maximum
Daily Reservation Rate ^{1/}	\$0.0000	\$0.3064
Usage Charge	\$0.0014	\$0.0014
Authorized Overrun Charge	\$0.0014	\$0.3078
Unauthorized Overrun Charge	\$15.0000	\$15.0000

OTHER CHARGES:

FL&U Reimbursement Charges: Charges for Fuel and/or L&U shall be assessed according to Section 3.1(c) of Rate Schedule FFT.

Marketing Fee: As negotiated between TransColorado and Shipper when TransColorado actively markets Shipper's released capacity.

Balancing Charges: Refer to Section 12 of the General Terms and Conditions.

Annual Charge Adjustment Surcharge: Pursuant to Section 24 of the General Terms & Conditions, the applicable ACA surcharge may be found on the Commission website at <http://www.ferc.gov>.

^{1/} For rates applicable to capacity-release transactions, see Section 6.13 of the General Terms and Conditions of this Tariff.

Interruptible Transportation - IT (Dth/\$)

STATEMENT OF RATES (Rates per Dth per \$)		
Rate Schedule/ Type of Charge	Base Tariff Rate	
	Minimum	Maximum
Usage Charge	\$0.0014	\$0.3239
Unauthorized Overrun Charge	\$15.0000	\$15.0000

OTHER CHARGES:

FL&U Charges: Charges for Fuel and/or L&U shall be assessed according to Section 3.1(b) of Rate Schedule IT.

Marketing Fee: As negotiated between TransColorado and Shipper when TransColorado actively markets Shipper's released capacity.

Balancing Charges: Refer to Section 12 of the General Terms and Conditions.

Annual Charge Adjustment Surcharge: Pursuant to Section 24 of the General Terms & Conditions, the applicable ACA surcharge may be found on the Commission website at <http://www.ferc.gov>.

PARK AND LOAN SERVICE – PALS

STATEMENT OF RATES (Rates per Dth per \$)		
Rate Schedule/ Type of Charge	Base Tariff Rate	
	Minimum	Maximum
Initial Rate	\$0.0000	\$0.3239
Park/Loan Balance Rate	\$0.0000	\$0.1620
Completion Rate	\$0.0000	\$0.3239
Authorized Overrun ^{1/}		
Initial Park/Loan Balance and Completion Rates	\$0.0000	\$0.3239

OTHER CHARGES:

Marketing Fee: As negotiated between TransColorado and Shipper when TransColorado actively markets Shipper's released capacity.

Balancing Charges: Refer to Section 12 of the General Terms and Conditions.

^{1/} Each of PALS three rate components are billed at the same level under Authorized Overrun Service. Refer to Section 6.2 of the PALS Rate Schedule for the Unauthorized Overrun Charge.

Statement of Negotiated Rates

STATEMENT OF NEGOTIATED RATES							
(Rates per Dth/d)							
Shipper	Contract No. (Rate Schedule)	Term of Contract	Dth/d	Reservation Charges	Usage Charges	Primary Receipt Points	Primary Delivery Points

STATEMENT OF RATES			
Type of Charge	Percentages	Current Reimbursement Component	Adjustment Reimbursement Component
Fuel Reimbursement Percentage	1.24%	0.42%	0.82%
L&U Reimbursement Percentage	0.00%	0.09%	-0.09%

Fuel and L&U Reimbursement Percentages shall be adjusted pursuant to Section 12.9 of the General Terms and Conditions of this Tariff.

NON-CONFORMING AGREEMENTS

The Commission has directed that the following Agreements be filed with the Commission because they contain provisions which do not conform to TransColorado's pro forma service agreements.

1. Reserved

Rate Schedules

**RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE****1. AVAILABILITY**

This rate schedule is available for firm transportation service on behalf of any Shipper in accordance with 18 C.F.R. Part 284, Subparts B and provided that:

- (a) TransColorado has available pipeline system capacity to render the firm service requested;
- (b) TransColorado is not required to construct or acquire any additional facilities to provide the desired transportation service, except as provided by Section 3.1(e) below; and
- (c) Shipper and TransColorado have executed a Transportation Service Agreement for service under Rate Schedule FT.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Firm Service. The transportation service provided under this rate schedule:

- (a) Shall be firm service performed pursuant to 18 C.F.R. Part 284, Subparts B and G;
- (b) Shall apply to all gas transported by TransColorado for Shipper under this rate schedule up to the contract demand (CD) as defined in Section 1.8 of the General Terms and Conditions and specified in the Transportation Service Agreement;
- (c) Shall be subject to interruption as provided in Section 8 of the General Terms and Conditions;
- (d) Shall be provided in accordance with availability of capacity as determined by Section 8 of the General Terms and Conditions; and
- (e) May be released on a permanent or temporary basis according to the terms of Section 6 of the General Terms and Conditions.

2.2 Authorized Overrun Service. Upon request of Shipper, TransColorado may elect to receive, transport and deliver volumes of gas in excess of Shipper's CD. Such service shall be interruptible and available only to the extent it does not impair TransColorado's ability to render transportation service in accordance with Section 8 of the General Terms and Conditions.

2.3 Service Options. Shippers may contract for firm transportation service as set forth in this Section 2.3. Unless otherwise agreed, Shipper's MDQ as defined in Section 1 of the General Terms and Conditions shall remain the same throughout each season, each season within an annual contract or for the annual period. Shipper's MDRQ and MDDQ and any differing levels in such quantities, as well as the period of such differing levels, shall be specified in the executed Transportation Service Agreement.

- (a) Firm transportation service available for the five consecutive months during the November through March winter period ("Winter Contract"). A Winter Contract may be for a term of multiple years.

(b) Firm transportation service available for the seven consecutive months during the April through October summer period ("Summer Contract"). A Summer Contract may be for a term of multiple years.

(c) Firm transportation service available for twelve consecutive months or more ("Annual Contract").

(d) Shippers may contract for firm transportation service separately with a Summer or Winter Contract, or jointly to create an Annual Contract.

3. RATE PROVISIONS

3.1 Specified Charges. Unless otherwise mutually agreed to, Shipper shall pay the maximum rates for transportation service under this rate schedule as set forth in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

(a) Reservation Charge. A monthly reservation charge shall be assessed for each Dth of Shipper's CD, subject to the following conditions:

(i) The reservation charge shall be set forth in the Transportation Service Agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(ii) Shipper shall be obligated to pay the reservation charge beginning on the date agreed to by Shipper and TransColorado.

(iii) If the effective date of any Rate Schedule FT Transportation Service Agreement occurs on any day other than the first day of a month, or the termination of any Rate Schedule FT Transportation Service Agreement occurs on any day other than the last day of a month, then the rate used in the calculation of the reservation charge for such partial month shall be based on the ratio of the number of days that transportation service was in effect to the total number of days in such month.

(b) Usage Charge. Shipper shall pay the appropriate usage charge for all gas nominated by Shipper and confirmed by TransColorado for delivery. The usage charge shall be set forth in the Transportation Service Agreement or any amendment and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(c) Shipper shall reimburse TransColorado for FL&U in kind according to Section 12.9 of the General Terms and Conditions.

(d) Overrun Charges. Shipper shall pay all overrun charges that may be assessed in accordance with this rate schedule and TransColorado's Statement of Rates for all authorized or unauthorized transportation service provided by TransColorado. Authorized Overrun Charges will be subject to the maximum and minimum Rate Schedule IT usage charges.

(e) Additional Facility Charge. Unless otherwise provided in the Transportation Service Agreement or related documents, in the event TransColorado and Shipper agree in writing that additional facilities are necessary in order to implement the service contemplated under the Transportation Service Agreement, Shipper agrees to reimburse TransColorado for all costs, including the income tax costs, associated with the construction and installation of such facilities which shall be owned, operated and maintained by TransColorado.

(f) Balancing Charges. An additional charge may be assessed in accordance with Section 12 of the General Terms and Conditions.

(g) Marketing Fee. Shipper and TransColorado may agree upon a fee to be paid by Shipper to TransColorado when TransColorado actively markets any capacity that is released to an Acquiring Shipper.

(h) Other Charges. TransColorado shall charge Shipper and Shipper shall pay for any other FERC approved charges that may apply to service under this rate schedule.

3.2 Tariff Changes. TransColorado may from time to time file with the FERC to change the rates set forth on the Statement of Rates or the General Terms and Conditions applicable to service under this rate schedule. TransColorado shall be entitled to implement such changed rates for service rendered to Shipper under this rate schedule on their effective dates, subject to such refunds, surcharges or other conditions that are specified as terms of the Transportation Service Agreement or that are permitted or required by the FERC. Nothing in this section limits Shipper's rights to contest such changes, or limits the rights of Shipper and TransColorado to provide for changes in rates through the terms of the Transportation Service Agreement.

3.3 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, TransColorado and Shipper may negotiate a rate that exceeds the maximum reservation and usage rates for service under this rate schedule. TransColorado's maximum rate as shown on its Statement of Rates is available as a recourse rate for any Shipper that does not desire to negotiate a rate with TransColorado. The agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services. This provision does not allow TransColorado and Shipper to negotiate terms and conditions.

4. RECEIPT AND DELIVERY

4.1 Primary and Alternate Points. The primary receipt and delivery points for gas tendered by Shipper to TransColorado will be the points designated in the Transportation Service Agreement. Firm Shippers shall have priority over interruptible Shippers at any receipt point or delivery point located within the path of the service for which the Shipper is paying. All other receipt and delivery points on TransColorado's System will be available as alternate points to Shippers under this rate schedule in accordance with Section 8 of the General Terms and Conditions.

4.2 Receipt. TransColorado shall receive on each day at each Receipt Point, such quantity of natural gas, if any, up to the CD specified for each Receipt Point listed on the Transportation Service Agreement, not to exceed the physical capacity of such point, as may be tendered to TransColorado by Shipper, and transport such quantity on a firm basis for Shipper.

4.3 Delivery. TransColorado shall deliver and Shipper shall accept or cause to be accepted at the Delivery Point(s), a quantity of natural gas equivalent to the quantities of natural gas received by TransColorado at the Receipt Points for transportation in accordance with Section 4.2.

5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of this Tariff are applicable to this rate schedule and are incorporated by reference.

**RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE**

1. AVAILABILITY

This rate schedule is available for interruptible transportation service on behalf of any Shipper in accordance with 18 C.F.R. Part 284, Subparts B and G provided that:

- (a) TransColorado has the capability to provide such service without impairment to the service being provided to any shipper that has contracted for firm transportation services under this FERC Gas Tariff;
- (b) TransColorado is not required to construct or acquire any additional facilities to provide the desired transportation service, except as provided by Section 3.1(c) below; and
- (c) Shipper and TransColorado have executed a Transportation Service Agreement for service under Rate Schedule IT.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Interruptible Service. The transportation service provided under this rate schedule:

- (a) Shall be interruptible service performed pursuant to 18 C.F.R. Part 284, Subparts B and G;
- (b) Shall apply to all gas transported by TransColorado for Shipper under this rate schedule up to the daily quantity as defined in Section 1.11 of the General Terms and Conditions and specified in the Transportation Service Agreement;
- (c) Shall be subject to interruption as provided in Section 8 of the General Terms and Conditions; and
- (d) Shall be provided in accordance with availability of capacity as determined by Section 8 of the General Terms and Conditions.

2.2 Authorized Overrun Service. Upon request of Shipper, TransColorado may elect to receive, transport and deliver volumes of gas in excess of Shipper's Daily Quantity. Such service shall be rendered on an interruptible basis and provided in accordance with Section 8 of the General Terms and Conditions and is subject to the maximum and minimum rates for IT transportation service.

3. RATE PROVISIONS

3.1 Specified Charges. Unless otherwise mutually agreed to in writing or by Shipper's election to nominate service consistent with the terms of the applicable service discount rate offers posted by TransColorado on its Interactive Website from time-to-time, Shippers shall pay the maximum rate for transportation service under this rate schedule as set forth in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Usage Charge. Shipper shall pay the appropriate usage charge for all gas nominated and confirmed for delivery. The usage charge shall be set forth in the Transportation Service Agreement or any amendment, and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(b) Shipper shall reimburse TransColorado for FL&U in kind according to Section 12.9 of the General Terms and Conditions.

(c) Additional Facility Charge. Unless otherwise provided in the Transportation Service Agreement or related documents, in the event TransColorado and Shipper agree in writing that additional facilities are necessary in order to implement the service contemplated under the Transportation Service Agreement, Shipper agrees to reimburse TransColorado for all costs, including the income tax costs, associated with the construction and installation of such facilities which shall be owned, operated and maintained by TransColorado.

(d) Balancing Charges. An additional charge may be assessed in accordance with Section 12 of the General Terms and Conditions.

(e) Other Charges. TransColorado shall charge Shipper for any other FERC-approved charges that may apply to service under this rate schedule.

(f) Overrun Charges. Shipper shall pay all overrun charges that may be assessed in accordance with this rate schedule and TransColorado's Statement of Rates for all authorized or unauthorized transportation service provided by TransColorado.

3.2 Tariff Changes. TransColorado may, from time to time, file with the FERC to change the rates set forth on the Statement of Rates or the General Terms and Conditions applicable to service under this rate schedule. TransColorado shall be entitled to implement such changed rates for service rendered to Shipper under this rate schedule on their effective dates, subject to such refunds, surcharges or other conditions that are specified as terms of the Transportation Service Agreement or that are permitted or required by the FERC. Nothing in this section limits Shipper's rights to contest such changes, or limits the rights of Shipper and TransColorado to provide for changes in rates through the terms of the Transportation Service Agreement.

3.3 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, TransColorado and Shipper may negotiate a rate that exceeds the maximum usage rates for service under this rate schedule. TransColorado's maximum rate as shown on its Statement of Rates is available as a recourse rate for any Shipper that does not desire to negotiate a rate with TransColorado. The agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services. This provision does not allow TransColorado and Shipper to negotiate terms and conditions.

4. RECEIPT AND DELIVERY

4.1 Receipt and Delivery Points. All receipt and delivery points on TransColorado's transmission system shall be at the interconnections of the facilities of TransColorado and Shipper and are available for use on an interruptible basis by interruptible shippers upon TransColorado's acceptance of a confirmed nomination.

4.2 Receipt. TransColorado shall accept such volumes of natural gas on behalf of Shipper at the Receipt Point(s) listed on the Transportation Service Agreement, provided, however, that TransColorado shall only be obligated to accept that volume of natural gas which TransColorado determines, in its sole discretion, it has available capacity to receive, transport, and deliver and provided further that in no event shall

TransColorado be obligated to accept on any day in excess of the Daily Quantity for each Receipt Point.

4.3 Delivery. TransColorado shall deliver and Shipper shall accept or cause to be accepted at the Delivery Point(s), a quantity of natural gas equivalent to the quantities of natural gas received by TransColorado at the Receipt Points for transportation in accordance with Section 4.2. Provided, however, that in no event shall TransColorado be obligated to deliver on any day in excess of the Daily Quantity for each Delivery Point as designated in the Transportation Service Agreement.

5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of this Tariff are applicable to this rate schedule and are incorporated by reference.

RATE SCHEDULE PALS PARK AND LOAN SERVICE

1. AVAILABILITY

1.1 This Park and Loan Service (PALS) Rate Schedule is an interruptible service available to any entity (hereinafter called Shipper) which submits to TransColorado Gas Transmission Company LLC (hereinafter called TransColorado):

(a) A valid request for service under this Rate Schedule PALS as defined in Section 4 hereof and executes an agreement for such service (PALS Agreement); and

(b) Enters into one or more valid PALS Request Orders (PALS RO), as defined in Section 4 hereof which, when executed by TransColorado and Shipper, shall evidence their agreement as to the terms of the particular transaction(s) to park and loan gas pursuant to the PALS Agreement.

1.2 Shipper shall arrange separately with TransColorado and others as necessary for any transportation attendant to the PAL service provided hereunder, i.e., in delivering gas to or taking gas away from the designated point(s), and Shipper shall pay separately for such transportation service.

1.3 Shipper shall provide TransColorado with reasonable assurances that Shipper can satisfactorily perform under an applicable PALS RO.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule PALS shall apply to all PAL services which are rendered by TransColorado pursuant to an executed PALS Agreement and related PALS RO. Under Rate Schedule PALS, a Shipper may nominate a quantity of gas at mutually agreeable point(s) on TransColorado's system, to be held or loaned by TransColorado for a specified period defined in the PALS RO. It is understood that TransColorado is providing the PAL service hereunder through the use of its line pack and/or operational gas; TransColorado is not providing a gas supply service under this Rate Schedule PALS, nor is TransColorado providing a storage or transportation service under this Rate Schedule PALS. Contracting for and nominating service to and from the designated point(s) shall be the Shipper's sole responsibility.

2.2 Under this Rate Schedule PALS, TransColorado shall only park gas or loan gas to the extent TransColorado determines that such actions are not detrimental to its ability to satisfy any of its existing obligations with higher priority service or to meet system operational needs. TransColorado may, based on its reasonable determination of its operational capability and in a non-discriminatory manner, interrupt or decline to schedule any or all of the services hereunder and, if such actions are required to avoid interference with firm service or to protect the integrity of the system, will do so prior to applying Section 20, System Operation, of the General Terms and Conditions of this Tariff and subject to Section 8 hereof.

2.3 All mutually agreeable points of receipt and delivery on TransColorado's system are available on a non-discriminatory basis for service under this Rate Schedule PALS. Unless an alternative point is agreed upon by TransColorado and the Shipper, the same point must be utilized to initiate and to complete a specific park and loan transaction. The specific point(s) for a park or loan shall be set forth in the applicable PALS RO.

2.4 Subject to the provisions of Section 2.2 above, Park and Loan Services available under this Rate Schedule PALS include:

(a) Park Service: shall consist of TransColorado's receipt of a quantity of natural gas at the designated Receipt Point(s) on the designated date(s), requested by Shipper under a PALS RO and approved by TransColorado; TransColorado's holding of such parked quantity of gas for Shipper's account and TransColorado's redelivery of the parked quantity of gas to Shipper at the designated Delivery Point(s) and on the designated date(s) set forth in such PALS RO.

(b) Loan Service: shall consist of TransColorado lending a specified quantity of natural gas, requested by Shipper and approved by TransColorado, from designated Delivery Point(s) set forth in Shipper's PALS RO, and the Shipper's redelivery of and TransColorado's acceptance of such volumes for Shipper's account at the designated Receipt Point(s) on the designated date(s) set forth in such PALS RO.

2.5 TransColorado will post on its Interactive Web Site the availability of PALS from time to time.

3. NOMINATIONS AND SCHEDULING

3.1 It shall be Shipper's sole responsibility to provide TransColorado with daily nominations of the quantity of gas to be received or delivered at the Receipt or Delivery point(s) under the applicable PALS RO. Nominations for any day or for any nomination cycle must be consistent with the PALS RO. It shall also be Shipper's responsibility to cause gas to be delivered to TransColorado and to cause gas to be received from TransColorado in accordance with the PALS RO. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination for payback on a loan, or withdrawal on a park is consistent with the PALS RO but cannot be confirmed by TransColorado, the Shipper must continue to nominate on subsequent days until TransColorado can confirm the nomination, unless the parties agree on a revised PALS RO. Service under Rate Schedule PALS is provided on an interruptible basis.

3.2 Priorities of service for the purposes of scheduling and curtailment shall be governed by Sections 8.1 and 8.3, respectively, of the General Terms and Conditions of this Tariff.

3.3 In the event it is necessary to decline to schedule or to interrupt, curtail or suspend service under PALS because of operational conditions or to satisfy obligations with a higher priority, TransColorado shall provide actual notice to Shipper. In that event, Shipper must comply with the directive(s) contained in TransColorado's notification within the time specified.

3.4 If Shipper fails to comply with the requirements set out in a notification under Section 3.3 above, then Section 8 of this Rate Schedule PALS shall apply.

4. VALID REQUESTS FOR PALS AGREEMENT(S) AND FOR PALS RO(S)

4.1 A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section 4 and contains adequate information pursuant to the requirements found in General Terms and Conditions Section 3, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and TransColorado shall not be required to grant any such request: (1) which could in TransColorado's judgment interfere with efficient operation of its system or with service to any firm Shipper; (2) which would require the construction, modification, expansion, or acquisition of any facilities to enable it to perform such services; provided, however, that TransColorado may agree in its reasonable discretion to construct, modify, expand, or acquire any facilities; (3) unless and until Shipper has provided TransColorado with the information required in Section 4.2 hereof and the assurances required under Section 1.3 hereof; (4) if TransColorado determines, based on the creditworthiness requirements of Section 18 of the General Terms and Conditions, that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (5) if the service requested would not comply with this Rate Schedule PALS; or (6) if the service requested is at less than the applicable maximum rate; provided, however, that TransColorado may agree to provide service hereunder at a discount consistent with this Rate Schedule PALS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to Section 4 hereof and while Agreements under this Rate Schedule are in effect. Such matters are governed by Section 3 of this Rate Schedule and the applicable General Terms and Conditions of this Tariff.

(b) TransColorado may agree, however, to construct, modify, expand or acquire facilities to perform service under this Rate Schedule PALS on a non-discriminatory basis whenever such is deemed, in TransColorado's reasonable judgment, to be economically, operationally and technically feasible, subject to the following conditions:

- (1) TransColorado has received an executed revised service agreement from existing and prospective Shipper(s) requesting such additional facilities or expansion of capacity;
- (2) TransColorado does not have physical facilities or adequate capacity in the system to accommodate requests for service of existing and prospective Shippers accepted by TransColorado pursuant to Section 4.1 hereof;
- (3) The nature, extent and timing of facilities required shall be at the reasonable discretion of TransColorado; and
- (4) TransColorado receives acceptable assurance of financial reliability from any Shipper requesting capacity. TransColorado shall maintain a separate record of the nature and costs of such facilities and assess new facility charges in accordance with Section 3.1(c) of the Interruptible Transportation service Rate Schedule of this Tariff.

(c) TransColorado shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule and any other applicable requirements found in General Terms and Conditions Section 3. In the event a request is substantially but not entirely complete, TransColorado shall inform Shipper in writing of the specific items needed to complete the PALS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(d) TransColorado shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by TransColorado, a request for service shall be invalid if Shipper fails to execute and tender a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by TransColorado for execution. An executed PALS RO must be submitted to TransColorado prior to commencement of service.

4.2 In addition to the information provided in the PALS Agreement, Shipper also shall provide the following information to TransColorado with its initial request for service:

(a) The Park and Loan Service provided for under this Rate Schedule PALS shall be performed under Part 284 of FERC's Regulations. Shipper shall only tender gas under this Rate Schedule PALS to the extent service hereunder would qualify under the applicable statutes, regulations, FERC orders and the blanket certificate authorizing service by TransColorado under this Rate Schedule PALS. For service under Subpart B of Part 284, Shipper shall provide to TransColorado with its initial request for service appropriate certification, including sufficient information in order for TransColorado to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by FERC's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit any necessary certification. Shipper shall provide the actual end user purchaser name(s) to TransColorado if TransColorado must provide them to the FERC.

(b) Shipper will warrant for itself, its successors and assignees, that it will at the time of delivery to TransColorado have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify TransColorado and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to TransColorado under this Rate Schedule; and

(c) Shipper has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, will be in place prior to the commencement of service on TransColorado's pipeline.

4.3 Requests for service hereunder shall be deemed valid only after the requirements of this Section 4 have been met and the information necessary for the PALS Agreement and associated PAL RO(s) has been satisfied pursuant to Section 3.1 of the General Terms and Conditions.

5. TERM

5.1 The term of service hereunder shall be set forth in the PALS Agreement between Shipper and TransColorado. The PALS RO shall have a separately stated term or terms applicable to a particular transaction, which term may not extend beyond the term of the related PALS Agreement. Upon termination of any PALS Agreement and of any PALS RO, service by TransColorado to Shipper thereunder shall be terminated and automatically abandoned.

5.2 TransColorado may terminate any PALS Agreement if TransColorado is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capabilities required for service under such PALS Agreement, or if TransColorado ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the PALS Agreement. Settlement of such terminated agreement shall be pursuant to Section 8.4.

6. RATE

6.1 (a) For the Park and Loan Service rendered to Shipper under this Rate Schedule PALS, Shipper shall pay TransColorado each month the sum of the following charges:

(i) An Initial Rate for each unit of gas tendered for park or taken for loan during that month;

(ii) A Park/Loan Balance Rate for each unit of gas which is parked or loaned under this Rate Schedule PALS for that month (such charge shall be calculated on the basis of the daily ending balance for each PALS RO for each day of the month); and

(iii) A Completion Rate for each unit of gas returned to TransColorado on completion (payback) of a loan or received by Shipper on completion (reversal) of a park that month.

The maximum and minimum rate(s) applicable to this Rate Schedule PALS are set forth in the Currently Effective Rates section of this Tariff. On any day, the sum of the Initial Rate, the Park/Loan Balance Rate and the Completion Rate assessed for any park or loan may not exceed the maximum PALS Initial Rate on a per unit basis.

(1) By mutual agreement between TransColorado and Shipper, which is consistent with the pro forma agreement set out in this Tariff, discounts or negotiated rates may be limited to specific volumes and/or specific periods.

(2) If a Shipper has submitted a nomination for a payback on a loan or a withdrawal on a park, and that nomination is consistent with the PALS RO but is not confirmed by TransColorado, the Park/Loan Balance Rate shall only be assessed as if the nomination had been confirmed. Pursuant to Section 3.1 of this Rate Schedule, the Shipper is obligated to continue to nominate on subsequent days until TransColorado is able to confirm the nomination, unless the parties agree on a revised PALS RO.

(b) Shipper shall pay any other applicable charges, penalties and fees set out in this Rate Schedule PALS or the General Terms and Conditions of this Tariff. Deviations from the approved PALS RO nominated volumes when compared to the allocated volumes will be assessed cashout charges under Section 12.6 of the General Terms and Conditions of this Tariff.

(c) Charges payable by any Shipper shall be based on the maximum rates set forth in this Tariff applicable to Rate Schedule PALS, which rates are hereby incorporated herein, unless a lower rate for the charge in subsection (a) is specified in the PALS RO. However, where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 23 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

(d) The charges referenced herein cover only Park and Loan Services. Shipper must contract separately for any transportation service required for Shipper to move gas to or away from the point(s) specified in the PALS RO.

6.2 Authorized overrun charges apply if a Shipper nominates and TransColorado confirms volumes in excess of the approved MAQ and/or MDQ in the PALS agreement, or if Shipper fails to comply with any quantity or timing parameter in a PALS RO (unless the failure results from TransColorado not confirming a nomination properly submitted). Authorized overrun charges will be assessed at the maximum PALS rate, unless otherwise agreed to in writing by TransColorado. An unauthorized overrun charge of up to \$15 per Dth applies if the overrun is not nominated and confirmed. TransColorado may waive or discount unauthorized overrun charges on a non-discriminatory basis.

6.3 (a) Shipper shall reimburse TransColorado within five (5) days after costs have been incurred by TransColorado for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If TransColorado constructs, acquires or modifies any facilities to perform service hereunder, then, as specified in an agreement related thereto between the parties, either:

(i) Shipper shall reimburse TransColorado for the cost of such facilities or facility modifications as described in Section 3.1(c) of the Interruptible Transportation service Rate Schedule of this Tariff; or

(ii) TransColorado shall assess a monthly charge reflecting such facility costs.

6.4 (a) TransColorado shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule PALS, including both the level and design of such rates and charges; and/or (2) the terms and conditions of this Rate Schedule PALS. TransColorado agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of TransColorado's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits TransColorado to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the PALS Agreement or PALS RO, be increased to the highest such rate. Should additional documentation be required in order for TransColorado to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by TransColorado. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires TransColorado to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.5 TransColorado may from time to time and at any time, upon twenty-four (24) hours verbal or written notice, subject to any provisions on discounting in the PALS Agreement or PALS RO, charge any individual Shipper for service under this Rate Schedule PALS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff. Unless otherwise agreed in the PALS Agreement or PALS RO, TransColorado may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the PALS Agreement and/or PALS RO) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. TransColorado shall file with FERC any and all reports as required by FERC's Regulations with respect to the institution or discontinuance of any discount.

6.6 All revenues and gas in kind collected by TransColorado as a result of providing service under this Rate Schedule PALS shall be retained by TransColorado unless TransColorado has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective FERC orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

7. QUANTITY

Each PALS RO shall specify in Dth the MAQ RO and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned volumes by the Shipper or TransColorado shall also be specified in the PALS RO. The quantities may be specified as a range of volumes (maximum and minimum aggregate and daily quantities and the related time periods) to be parked and/or loaned and returned, and the schedule may include the flexibility to do either a park or a loan within specified volume and time limits. The schedule may provide for flexibility in total volumes and in the daily volumes parked and/or loaned, in the timing of the park or the loan (or any portion thereof), in the duration of the park and/or loan (or portion thereof), and/or in the timing of the completion of the park or loan (or portion thereof) by the return of gas to the Shipper or to TransColorado, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS RO, the MDQ RO shall be the maximum quantity TransColorado is obligated, on an interruptible basis, to receive from or deliver to Shipper hereunder on the specified day. The MAQ RO shall be the maximum aggregate quantity TransColorado is obligated to hold or loan for the account of Shipper hereunder on an interruptible basis for the specific transaction covered by the PALS RO. The minimum aggregate and daily volumes to be parked and/or loaned and returned on an interruptible basis shall also be specified in the PALS RO schedule. The sum total of a Shipper's MAQ ROs and MDQ ROs shall not exceed the MAQ and MDQ specified in the PALS Agreement. If a Shipper exceeds the timing parameter in the applicable PALS RO (unless such failure is due to TransColorado not confirming a nomination properly submitted), it shall be subject to overrun charges consistent with Section 6.2 of this Rate Schedule.

8. MANDATORY BALANCING

8.1 Mandatory Balancing shall apply in the following instances: (a) at the end of the term specified in any applicable PALS Agreement or PALS RO; (b) where the Shipper fails to comply either with the requirements of TransColorado's notice referenced in Sections 3 and 8.3(b) hereof; or (c) where Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO and the deviation has not been agreed to and confirmed by TransColorado.

8.2 TransColorado shall require mandatory balancing effective the next day prior to taking action under Section 20 to the General Terms and Conditions of this Tariff, if TransColorado reasonably determines that doing so would facilitate system operations and minimize the severity of action under Section 20.

- 8.3 (a) In the event that TransColorado notifies a PALS Shipper under Section 3 hereof, such notice shall specify the parked balance to be removed or the loaned balance to be returned, up to the full MAQ, and the timeframe within which the balance must be effectuated, but the specified timeframe shall not be less than three (3) days (in one-third daily increments) from the date of notification. TransColorado may allow additional time for contract balancing when operational conditions permit. Notification shall first be provided by telephone and then by facsimile, by e-mail or in writing. General notices will be posted on TransColorado's Interactive Web Site. In instances when notification is required during times other than normal business hours, TransColorado will provide such notification by telephone. To the extent Shipper fails to comply with such notice, the PALS RO shall terminate and the provisions of Section 8.4 shall apply.
- (b) In the event that a Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO, TransColorado shall notify Shipper, and the PALS RO shall be subject to termination in accordance with the terms of such notice. The provisions of Sections 8.4(a) and 8.4(b) shall then apply.
- 8.4 (a) In the event that Shipper still has gas parked at the end of its contract term or because of failure to comply with the notice pursuant to Sections 3 and 8.2 above, the remaining balance shall be forfeited to TransColorado, free and clear of any adverse claims.
- (b) Conversely, if the Shipper has not redelivered gas which was loaned by TransColorado by the end of its contract term or within the timeframe specified in the notice in Sections 3 and 8.2 above, the Shipper must purchase the unreturned balance at 150% of the highest daily index price for the El Paso non-Bondad index as published in "Natural Gas Intelligence" during the term of the loan. The amounts collected are subject to crediting in accordance with Section 12.10 of the General Terms and Conditions of this Tariff.
- (c) The tariff provisions of Sections 8.4(a) and (b) above will be implemented by TransColorado on a non-discriminatory basis.
- 8.5 In circumstances where Shipper is unable to eliminate its PALS RO balance because TransColorado is unable to accept the PALS RO nomination, Shipper shall take any action to reduce the balance which TransColorado can accommodate and Shipper shall be granted additional time to eliminate its PALS RO balance corresponding to the time TransColorado was unable to accept the PALS RO nomination. Shipper shall not incur any penalty or daily fees as to that portion of the balance resulting from TransColorado's inability to accept the PALS RO nomination. Such extension shall only apply in instances where a Shipper's inability to eliminate the PALS RO balance is attributable to TransColorado's inability to accept and confirm PALS RO nominations. Shipper remains responsible to nominate the appropriate level of transportation to meet TransColorado's notification requirements.

9. GENERAL TERMS AND CONDITIONS

The applicable General Terms and Conditions of this Tariff are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.

**RATE SCHEDULE FFT
FLEXIBLE FIRM TRANSPORTATION SERVICE**

1. AVAILABILITY

This Rate Schedule FFT is available for firm transportation service on behalf of any Shipper in accordance with 18 C.F.R. Part 284, Subparts B and G, provided that:

- (a) TransColorado has available pipeline system capacity to render the firm service requested;
- (b) TransColorado is not required to construct or acquire any additional facilities to provide the desired transportation service, except as provided by Section 3.1(e) below; and
- (c) Shipper and TransColorado have executed a Transportation Service Agreement for service under Rate Schedule FFT.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Firm Service. The transportation service provided under this Rate Schedule:

- (a) Shall be flexible firm transportation service provided on days on which firm service is available under the Transportation Service Agreement (Available Days), and as provided in Sections 2(c) and 5(a) of this Rate Schedule. TransColorado shall not be required to accept or to deliver gas hereunder on any day which is not an Available Day or a partial Available Day, as defined in Section 5(a)(1) of this Rate Schedule, under the Transportation Service Agreement;
- (b) Shall apply to all gas transported by TransColorado for Shipper under this Rate Schedule up to Shipper's contract demand (CD) as defined in Section 1.8 of the General Terms and Conditions and specified in the Transportation Service Agreement, as such CD may be reduced for any partial Available Day;
- (c) Shall be provided on a firm basis on each Available Day (including partial Available Days up to the reduced CD) under the Transportation Service Agreement. The minimum and maximum number of Available Days over a month or other defined time period, if any, and whether the Shipper is willing to accept notification of a partial Available Day under Section 5 hereof (and any limitations on such agreement), shall be stated in the Transportation Service Agreement, based on mutual agreement between TransColorado and Shipper, as provided in Section 5 of this Rate Schedule. TransColorado and Shipper may also agree in the Transportation Service Agreement that certain days will not be Available Days or partial Available Days (e.g., the Transportation Service Agreement might specify that weekend days or certain holidays are not Available Days). Administration of Available Days is covered under Section 5(a) of this Rate Schedule;
- (d) Shall have the same priority on Available Days (including partial Available Days up to the reduced quantity) as service under Rate Schedule FT. No service shall be performed hereunder on a day which is not an

Available Day or a partial Available Day as determined under Section 5(a) of this Rate Schedule;

(e) Shall be subject to interruption as provided in Section 8 of the General Terms and Conditions;

(f) Shall be provided in accordance with availability of capacity as determined by Section 8 of the General Terms and Conditions; and

(g) May be released on a permanent or temporary basis according to the terms of Section 6 of the General Terms and Conditions, provided, however, that:

(i) If a Shipper releases its capacity, in whole or part, any and all Acquiring Shippers must accept the same provisions regarding any circumstances relating to Available Days or partial Available Days as apply under the original Transportation Service Agreement, including the number of Available Days remaining in any applicable defined time period;

(ii) Any required capacity release posting must specifically describe all contract provisions relating to Available Days. Capacity on an Available Day or partial Available Day shall be prorated among the Releasing and Acquiring Shippers based upon their respective CDs effective on such Available Day or partial Available day; and

(iii) Once capacity reverts to the Releasing Shipper, that Shipper is bound by the number of Available Days remaining in the relevant defined time period.

2.2 Available Flexible Firm Transportation Capacity: TransColorado posts the availability of unsubscribed firm capacity on the Informational Postings portion of its Interactive Website pursuant to Section 2.1 of the General Terms and Conditions of this Tariff. Such capacity will be available to provide service under either Rate Schedule FT or FFT; provided, however, that TransColorado may elect to make such firm capacity available only for service under Rate Schedule FT. TransColorado will only utilize for service under Rate Schedule FFT firm capacity that TransColorado determines (i) is in excess of TransColorado's existing firm commitments and (ii) would not be detrimental to system operations or TransColorado's ability to perform other firm transportation service.

2.3 Authorized Overrun Service: Upon request of Shipper, TransColorado may receive, transport, and deliver on any Available Day or partial Available Day quantities of gas in excess of Shipper's CD or, for a partial Available Day, Shipper's reduced CD. Such service shall be interruptible and available only to the extent it does not impair TransColorado's ability to render transportation service in accordance with Section 8 of the General Terms and Conditions. Authorized Overrun Service is not available on any day which is not an Available Day or partial Available Day.

3. RATE PROVISIONS

3.1 Specified Charges. Unless otherwise mutually agreed to in writing, Shipper shall pay the maximum rates for transportation service under this Rate

Schedule as set forth in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Reservation Charge. A monthly reservation charge equal to Shipper's Daily Reservation Rate multiplied by Shipper's CD (or reduced CD for any partial Available Day) and multiplied by the number of Available Days (including any partial Available Days) under the Transportation Service Agreement that month, subject to the following conditions:
 - (i) Subject to the provisions of Section 3.3 of this Rate Schedule regarding Negotiated Rates, the reservation rate shall be no more than the maximum nor less than the minimum unit Daily Reservation Rate(s) specified in the Statement of Rates;
 - (ii) Shipper shall be obligated to pay the reservation charge beginning on the date agreed to by Shipper and TransColorado;
 - (iii) If the effective date of the Transportation Service Agreement occurs on any day other than the first day of a month, or the termination of the Transportation Service Agreement occurs on any day other than the last day of a month, then the reservation charge for such partial month shall be based on the number of Available Days during such partial month.
- (b) Usage Charge. Shipper shall pay the appropriate usage rate for all gas quantities delivered. Subject to the provisions of Section 3.3 of this Rate Schedule regarding Negotiated Rates, the usage rate shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
- (c) Shipper shall reimburse TransColorado for FL&U in kind according to Section 12.9 of the General Terms and Conditions.
- (d) Overrun Charges. Shipper shall pay all overrun charges that may be assessed in accordance with this Rate Schedule and TransColorado's Statement of Rates for all authorized or unauthorized overrun service provided by TransColorado. Authorized Overrun Charges will be subject to the maximum and minimum rates set forth in the Statement of Rates of this Tariff, as adjusted from time to time.
- (e) Additional Facility Charge. Unless otherwise provided in the Transportation Service Agreement or related documents, in the event TransColorado and Shipper agree in writing that additional facilities are necessary in order to implement the service contemplated under the Transportation Service Agreement, Shipper agrees to reimburse TransColorado for all costs, including the income tax costs, associated with the construction and installation of such facilities which shall be owned, operated and maintained by TransColorado.
- (f) Balancing Charges. An additional charge may be assessed in accordance with Section 12 of the General Terms and Conditions of this Tariff.

(g) Marketing Fee. Shipper and TransColorado may agree upon a fee to be paid by Shipper to TransColorado when TransColorado actively markets any capacity that is released to an Acquiring Shipper.

(h) Other Charges. TransColorado shall charge Shipper and Shipper shall pay for any other FERC approved charges that may apply to service under this rate schedule.

3.2 Tariff Changes. TransColorado may from time to time file with the FERC to change the rates set forth on the Statement of Rates or the General Terms and Conditions applicable to service under this Rate Schedule. TransColorado shall be entitled to implement such changed rates for service rendered to Shipper under this Rate Schedule on their effective dates, subject to such refunds, surcharges or other conditions that are specified as terms of the Transportation Service Agreement or that are permitted or required by the FERC. Nothing in this section limits Shipper's rights to contest such changes, or limits the rights of Shipper and TransColorado to provide for changes in rates through the terms of the Transportation Service Agreement.

3.3 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, TransColorado and Shipper may negotiate a rate that exceeds the maximum reservation and usage rates for service under this Rate Schedule (Negotiated Rate). TransColorado's maximum rate as shown on its Statement of Rates is available as a recourse rate for any Shipper that does not desire to agree to a Negotiated Rate with TransColorado. The agreement by the Shipper to accept a Negotiated Rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services. This provision does not allow TransColorado and Shipper to negotiate terms and conditions of service.

4. RECEIPT AND DELIVERY

4.1 Primary and Alternate Points. The primary receipt and delivery points for gas tendered by Shipper to TransColorado will be the points designated in the Transportation Service Agreement. All other receipt and delivery points on TransColorado's System will be available as alternate points to Shippers under this Rate Schedule in accordance with Section 8 of the General Terms and Conditions.

4.2 Receipt. TransColorado shall receive on each day at each Receipt Point, such quantity of natural gas if any, up to the point quantity specified for each Receipt Point set forth in the Transportation Service Agreement (as may be reduced pro rata for any partial Available Day) plus applicable Fuel Gas use and L&U quantities, not to exceed the physical capacity of such point, as may be tendered to TransColorado by Shipper, and transport such quantity on a firm basis for Shipper.

4.3 Delivery. TransColorado shall deliver and Shipper shall accept or cause to be accepted at the Delivery Point(s), a quantity of natural gas equivalent to the quantities of natural gas received by TransColorado at the Receipt Points, less applicable Fuel Gas use and L&U quantities.

5. AVAILABILITY AND NOTICE OF AVAILABLE OR PARTIAL AVAILABLE DAYS

- (a) (1) Shipper and TransColorado may agree that TransColorado will either provide notice of days that are Available Days or partial Available Days, or notice of days that are not Available Days or partial Available Days. Shipper and TransColorado may also agree on combinations or variations of the type of notice to be provided by TransColorado in the preceding sentence. TransColorado shall notify Shipper no later than two and one-half hours, or by another specific, mutually agreeable time, prior to the deadline for timely nominations for a day if that day is to be, or if applicable will not be, an Available Day or a partial Available Day, as such notification requirement has been agreed to by Shipper and TransColorado. Notification shall be made by e-mail or other mutually agreed method. To the extent consistent with the Transportation Service Agreement, the notification may specify that the day is a partial Available Day, which means that the firm service available to Shipper that day under the Transportation Service Agreement is less than Shipper's full CD, in which case the notice must specify the reduced CD which is available, or if applicable is not available, to Shipper that day. A partial Available Day shall not be accounted for as a full Available Day, but rather as a fraction of an Available Day in the ratio of the quantity of service made available for the Shipper under its Transportation Service Agreement that day to that Shipper's CD under the Transportation Service Agreement.
- (2) Available Days and Partial Available Days shall be determined by TransColorado separately for each Transportation Service Agreement, subject to the parameters defined in the Transportation Service Agreement, i.e., the minimum and maximum number of Available Days and the associated defined time period(s), any restrictions stated in the Transportation Service Agreement that certain days are not Available Days or partial Available Days, and whether partial Available Days are permitted under the Transportation Service Agreement. To the extent that TransColorado can identify the conditions under which it will be unable to consider a particular day an Available Day or partial Available Day, TransColorado shall specify such conditions in the Transportation Service Agreement; provided, however, that TransColorado will still be able to determine that a day is not an Available Day or partial Available Day based on other conditions. The determination of which days are, or if applicable are not, Available Days or partial Available Days under a Transportation Service Agreement is to be based on operational considerations and/or on TransColorado's commitments under other firm agreements, including the number of Available Days and partial Available Days under other Transportation Service Agreements under this Rate Schedule.
- (b) Shipper shall monitor and control its receipts and deliveries of gas and, if necessary, make appropriate adjustments in order to maintain a

thermal balance of receipts and deliveries, as provided in Section 12 of the General Terms and Conditions of this Tariff.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are incorporated by reference.

General Terms and Conditions

GENERAL TERMS AND CONDITIONS

These General Terms and Conditions apply to the transportation services provided under TransColorado's FERC Gas Tariff.

1. DEFINITIONS

1.1 The term "**Acquiring Shipper**" shall mean any Shipper that acquires firm released capacity from a releasing Shipper. For purposes of Section 6 of these General Terms and Conditions, the term "Replacement Shipper" is used rather than "Acquiring Shipper."

1.2 The term "**authorized overrun**" shall mean that quantity of gas authorized by TransColorado in excess of the CD or Daily Quantity specified in the applicable firm Transportation Service Agreement.

1.3 The term "**bidding period**" shall mean that period of time that released or uncommitted firm capacity is posted on the Interactive Website during which Shippers may bid for capacity.

1.4 The term "**Bidding Shipper**" shall mean any Shipper that is qualified to bid for capacity through the Interactive Website.

1.5 The term "**Btu**" shall mean one British thermal unit, which is the amount of heat required to raise the temperature of one pound of water one degree from fifty-nine degrees (59°F) to sixty degrees Fahrenheit (60°F) at a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia). Total Btu's shall be determined by multiplying the total volume of natural gas delivered times the gas heating value expressed in Btu's per cubic foot of gas adjusted on a dry basis.

1.6 The term "**business day**" is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico. (NAESB WGQ Standard No. 3.2.1)

1.7 The term "**confirmed quantity**" shall mean a quantity that has been nominated by a Shipper and confirmed by an Operator.

1.8 The term "**contract demand**" ("CD") shall mean the quantity of gas set forth from time to time in the Transportation Service Agreement under any firm transportation service rate schedule under this Tariff.

1.9 The term "**cubic foot**" shall mean the volume of gas which would occupy a space of one cubic foot at a temperature of 60° Fahrenheit and at a pressure of 14.73 pounds per square inch absolute.

1.10 The term "**day**" shall mean a period of 24 consecutive hours, except for those days that are adjusted for Daylight Savings Time beginning at 9:00 a.m. Central Clock Time ("CCT"). "Clock Time" indicates that TransColorado will adjust its gas day to reflect changes for Daylight Savings Time.

1.11 The term "**daily quantity**" shall mean the quantity of gas set forth from time to time in the Transportation Service Agreement under Rate Schedule IT.

1.12 The term "**decatherm**" ("**Dth**") shall mean a unit of heating value equivalent to 10 therms or 1,000,000 Btus.

1.13 The term "**FERC**" or "**Commission**" shall mean the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers that are exercisable by the Federal Energy Regulatory Commission.

1.14 The term "**FL&U**" shall mean gas used for compressor station fuel and other utility purposes, including, but not limited to, line losses and other unaccounted-for gas (including gas lost through explosion, fire or other calamity) in the operation of TransColorado's pipeline system.

1.15 TransColorado has adopted all of the Business Practices and Electronic Communications Standards which are required by the Commission in 18 CFR, Section 284.12 (a), as amended from time to time, in accordance with Order No. 587, et al., as described in Section 30 of the General Terms and Conditions.

(a) Transporter's HTML page(s) is accessible via the Internet's World Wide Web at the following address: <http://pipeline.kindermorgan.com>

1.16 The term "**gross heating value**" shall mean the quantity of heat, measured in Btu, produced by combustion in air of one (1) cubic foot of anhydrous gas at a temperature of sixty degrees Fahrenheit (60°F) and a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), the air being at the same temperature and pressure as the gas, after the products of combustion are cooled to the initial temperature of the gas and air, and after condensation of the water formed by combustion.

1.17 The term "**Interactive Website**" shall mean the interactive internet web site maintained by TransColorado for communication regarding its transportation service in accordance with applicable Commission Regulations and NAESB standards, as more fully described in Section 2 of these General Terms and Conditions.

1.18 The term "**Mcf**" shall mean 1,000 cubic feet of gas. "**MMcf**" means 1,000,000 cubic feet of gas.

1.19 The term "**MDDQ**" shall mean the maximum specified daily quantity of each Primary Delivery Point listed in a Shipper's Agreement with TransColorado. The sum of the MDDQ's shall equal the MDQ of the Agreement.

1.20 The term "**MDRQ**" shall mean the maximum specified daily quantity of each Primary Receipt Point listed on a Shipper's agreement with TransColorado. The sum of the MDRQ's shall equal the MDQ of the Agreement.

1.21 The term "**MDQ**" shall mean the maximum daily quantity of Gas for which TransColorado will perform service under a contract at the sum of all Receipt Points (or Delivery Points) or in the aggregate, as specified in the Agreement. The MDQ shall not include FL&U.

1.22 The term "**Month**" shall mean the period beginning on the first day of any calendar month and ending at the first day of the succeeding calendar month.

1.22.1 The term "**Monthly Maintenance Schedule**" shall mean the notice TransColorado posts on its Interactive Website prior to bid-week for the subsequent month that contains a list of scheduled maintenance activities TransColorado anticipates conducting in the subsequent month which are likely to result in curtailment or outages on the pipeline.

1.23 The term "**Operator**" shall mean the person or entity that controls the flow of gas into or out of TransColorado's System.

1.24 The term "**overrun gas**" shall mean those quantities of gas tendered for transportation by Shipper on any day in excess of the currently effective contract demand or daily quantity.

1.25 The term "**Pre-Arranged Shipper**" shall mean any Shipper who is qualified and seeks to acquire capacity under a pre-arranged release.

1.26 The terms "**Primary Receipt and Delivery Point**" shall mean a receipt or delivery point on TransColorado's system located within the path of service for which the Shipper is paying and has contracted for firm capacity.

1.27 The term "**recallable capacity**" shall mean firm capacity that is released subject to the Releasing Shipper's right to recall capacity during the term of the release.

1.28 The term "**Releasing Shipper**" shall mean any Shipper holding firm capacity rights under a Transportation Service Agreement under any firm transportation service Rate Schedule of this Tariff that releases firm capacity.

1.29 The term "**Shipper**" shall mean any party who (a) is receiving service according to an effective rate schedule under this Tariff 1, (b) has executed a service agreement under any rate schedule, or (c) has completed a request for service.

1.30 The term "**System**" shall mean the pipeline, appurtenant facilities and any compression and related facilities owned by TransColorado.

1.31 The term "**unauthorized overrun**" shall mean that quantity of gas by which Shipper exceeds, without TransColorado's consent, Shipper's confirmed quantity.

1.32 The term "**year**" shall mean a period of 365 consecutive days beginning January 1 or 366 consecutive days if such period includes February 29, unless otherwise specified.

2. INTERACTIVE WEBSITE

2.1 Website Description

(a) TransColorado maintains the Interactive Website, a FERC-compliant interactive internet web site that is available for use by Shippers and other interested parties. The web site has both secure and non-secure regions. Information of a general nature is included in the non-secure region while confidential Shipper-specific data is accessible only through the secure region, which requires a logon and password. Daily back-up records of information displayed or entered through this web site are archived and non-secure information is accessible to customers on a non-discriminatory basis. The data is kept for a three-year period, inclusive of both current and archived data.

(b) The non-secure information is primarily comprised of FERC-mandated informational postings. TransColorado, at its sole option, may add informational sections to this web site in order to facilitate timely and complete communications with customers. The secure region provides access to Nominations, Flowing Gas/Volume Inquiry data, Invoicing, Contracting and Capacity Release processing. Logons and passwords required to enter the secure region of the web site may be obtained per the procedures outlined in Section 2.2.

(i) Informational Postings. The types of information available through the Informational Postings include: (1) reports on operationally available capacity, unsubscribed capacity, and released capacity at receipt/delivery points and on the main line; (2) information on construction and maintenance projects impacting capacity; (3) imbalance volumes available for trading among Shippers; (4) firm and interruptible rates and FL&U reimbursement, including general discount offers; (5) catalog of currently active receipt and delivery points; (6) general announcements, critical notices and procedures, including Operational Flow Orders (OFO)^{1/}; and (7) the Tariff with search, download and print capabilities.

(ii) Nominations. This feature allows for submittal of all transportation nominations, transfer nominations, predetermined allocations and nomination priorities as required in Section 8. Additionally, operators can confirm volumes online. Shippers and point operators can review, print or download scheduled quantity reports.

(iii) Flowing Gas/Volume Inquiry. This feature provides volumetric information on total gas flow and allocated flows, at a point and contract level. The timing for reporting daily operational allocations after the gas has flowed is within one (1) business day after the end of the gas day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation. Each Shipper and each other entity involved in a transaction at a point will be able to see the total flows at the point and the volumes allocated to or by such Shipper or other entity.

(iv) Invoicing. This system component allows Shippers to view and download invoices and a statement of account. Additionally, using this component, Shippers can create and submit a Payment Remittance.

(v) Contract Request Processing. Using this feature, Shippers can review their existing Agreement information, submit new requests for Agreements and submit requests to amend Agreements and execute Service Agreements online.

(vi) Capacity Release Request and Bid Processing. This interactive feature allows Shippers to submit capacity-release requests and bids, which, in turn, are automatically posted to this web site as provided in Section 6. Additionally, Shipper with recall provisions in a release of capacity can initiate the recall process using this feature.

2.2 Access to Web Site. Shippers and other interested parties may obtain access to the interactive transactional web pages by contacting the Security Coordinator whose phone number can be found in the "Summary/Contacts" section at <http://pipeline.kindermorgan.com>. Logons, passwords and access instructions will be supplied upon request under the following terms and conditions set forth in Sections 2.3 through 2.13. The internet address for this web site is: <http://pipeline.kindermorgan.com>. This web site replaces DART and Subscribers to DART can continue to use their DART logon and password to access these web pages. By continuing to use such DART logons, Subscribers agree to the terms and conditions set forth in Sections 2.2 through 2.12.

2.3 Authority of employee. Users of this web site shall be deemed to have agreed and admitted that any employee permitted by Subscriber to access this web site shall have the legal authority to act on behalf of Subscriber in performing any functions, including those functions which are available presently and those functions which become available at a later date.

2.4 Installation of software. Each Subscriber shall purchase and ensure that lawful installation of the internet browser software occurs for each personal computer (PC) from which this web site is accessed.

2.5 Confidentiality. Certain information contained in this web site is confidential. A Subscriber shall not reproduce, disclose or otherwise make available confidential information contained therein to any other company, corporation, individual or partnership.

2.6 Reliance by TransColorado. TransColorado may act, and shall be fully protected by a Subscriber in acting, in reliance upon any acts or things done or performed by Subscriber's employees or designated agents on behalf of Subscriber and in respect to all matters conducted through this web site. TransColorado may correct errors in information entered into this web site by a Subscriber promptly after receiving notice of the corrections or may require Subscribers to enter the corrections directly into this web site.

2.7 Access. Should a Subscriber require access to confidential information (such as Agreement, points, nomination, volume, or other customer-specific information deemed to be of a confidential nature requiring controlled access), TransColorado will require the Subscriber to provide a written request and officer-level approval for issuance of a company-level computer access (logon) identification code and password. Upon receipt of such request, TransColorado will ensure return of a

confidential logon code and password within one business day.

2.8 Logon. A Subscriber's logon and password are confidential and are used to identify that Subscriber. A Subscriber shall keep its web site logon and password confidential. A Subscriber will ensure that only authorized employees and agents of Subscriber will be given Subscriber's logon and password and only these authorized persons will be permitted to access this web site on Subscriber's behalf. A Subscriber and its employees and agents will not disclose the Subscriber's logon and password to anyone without authority to access this web site on behalf of the Subscriber. To ensure such confidentiality is not breached, requests from Subscriber employees or agents for information regarding Subscriber logon and password made subsequent to issuance of the original logon and password may not be honored without receipt by TransColorado of additional authorization from Subscriber. Subscriber shall be responsible for an accepts liability for any security breach that is traced to Subscriber's logon and password.

2.9 Breach of Security. A Subscriber shall promptly notify TransColorado if there is any indication that a security breach has occurred with regard to Subscriber's logon and password. This includes, but is not limited to: (a) loss of confidentiality of logon and password; (b) termination of employment of any authorized employee; or (c) loss of authority to access this web site by any authorized employee. Such notification shall be made to TransColorado's Security Coordinator whose phone number can be found in the "Summary/Contacts" section on the interactive website <http://pipeline.kindermorgan.com>.

2.10 Limitation to Access. A Subscriber may attempt to access only that data for which Subscriber has authorization. A Subscriber shall provide supporting legal documentation prior to being given access to data of other subsidiaries, affiliates, or companies for whom it has an agency relationship. See Section 8 of these General Terms and Conditions for information on delegation.

2.11 Limits of Responsibility. TransColorado shall not be responsible for an omission or failure by TransColorado to act or perform any duty requested by a function accessed via this web site if such omission or failure to act is caused by or related to data lost in the transmission of such data from Subscriber's to TransColorado's computer system, power failures, failure of backup systems, or any other event beyond the reasonable control of TransColorado.

2.12 Reservation. TransColorado reserves the right to add, modify or terminate web site functions at any time subject to compliance with Commission Regulations.

2.13 Agreement. Any Subscriber who is not a Shipper will be required to sign an agreement with TransColorado pursuant to which the Subscriber agrees to be bound by the provisions of this Section.

^{1/} TransColorado will also support further notification of critical notices and OFOs through the following channels, to be designated by shipper: (1) up to two internet e-mail addresses provided by shipper or (2) standard NAESB EDI/EDM.

3. CONTRACT PROCEDURES

3.1 Contract Procedures. A Shipper wishing to obtain service must first satisfy the creditworthiness requirements of this Tariff. A request for service shall be deemed valid and complete upon the following information being accurately and properly entered into TransColorado's Interactive Website. A Shipper may either enter the information directly into TransColorado's Interactive Website or furnish the information to TransColorado and request that TransColorado enter the information into TransColorado's Interactive Website on behalf of the Shipper, in which case, the entry of such information shall be deemed to be the act of the Shipper. If the Shipper requests that TransColorado enter the information into TransColorado's Interactive Website on Shipper's behalf, then Shipper's request for service shall not be deemed valid and complete until such time as the information is actually entered into TransColorado's Interactive Website.

- (a) The full legal name, business address and phone number, and state of incorporation of the Shipper requesting service and all contact information, including the name of the person(s) who should be contacted.
- (b) A designation of whether Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end-user or marketer.
- (c) The extent of Shipper's affiliation with TransColorado.
- (d) Shipper's Dun and Bradstreet (DUNS) number.
- (e) Type of service: Applicable Rate Schedule.
- (f) The initial term of the service, including beginning and ending dates.
- (g) Shipper's total contract demand under the requested service.
- (h) Receipt and delivery points requested.
- (i) Maximum Daily Receipt Quantity at each receipt point(s)
____ Dth/Day.
Maximum Daily Delivery Quantity at each delivery point(s)
____ Dth/Day.

The total receipt point capacity must equal the total delivery point capacity.

If Section 311, 18 C.F.R. Part 284, Subpart B transportation service is requested, the Shipper must provide the following information to TransColorado:

- (j) A declaration explaining how the requested service qualifies as Section 311 service.
- (k) The name of the local distribution company or intrastate pipeline company on whose behalf the gas will be transported.

- (l) Certification from a local distribution company or an intrastate pipeline that the service is being provided on its behalf prior to commencing transportation service.

3.2 Prospective Sale of Available Capacity. TransColorado may sell capacity either on a first-come-first-served basis, through an open season or on a biddable prearranged basis pursuant to General Terms and Conditions Section 5.7.

- (a) TransColorado may grant requests for firm service on a not unduly discriminatory basis within the following time periods and subject to the below listed conditions:
 - (i) For service with a term of one year or longer, the service must be requested to begin no later than three Months from the date the request is granted;
 - (ii) For service with a term greater than three Months but less than one year, the service must be requested to begin no later than one Month from the date the request is granted;
 - (iii) For service with a term of three Months or less, the service must be requested to begin no later than ten (10) Business Days from the date the request is granted.
- (b) TransColorado will consider, on a not unduly discriminatory basis, requests for firm service outside of the above specified time periods if the request involves any of the following conditions:
 - (i) The request is associated with an open season;
 - (ii) The request involves capacity that will become available within twelve (12) months due to the termination of an existing contract or the reduction of contracted volume under an existing contract; or
 - (iii) The request involves the modification or construction of facilities or the issuance of any necessary certificate authorization.

3.3 If TransColorado sells firm capacity on a first-come-first-served basis, an open season, or a prearranged agreement, that capacity will be made available to other shippers on an interim basis up to the commencement of the prospective firm agreement. Where the requested start date of the prospective capacity extends more than one year into the future and interim capacity would otherwise be eligible for the right of first refusal if it is acquired at the maximum applicable tariff rate, TransColorado will limit the right-of-first-refusal rights of such interim capacity. If right of first refusal rights are limited, the agreement will note the limitation.

3.4 Capacity Reserved for Expansion Projects. TransColorado may elect to reserve for future expansion projects, any unsubscribed capacity or capacity under expiring or terminating agreements where such agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal.

- (a) Capacity may be reserved up to one year prior to TransColorado filing for certificate authority (or utilizes its blanket certificate authority) for construction of proposed expansion facilities, and thereafter until all expansion facilities are placed into service.
- (b) TransColorado may only reserve capacity for a future expansion project for which an open season has been or will be held within one year of the date that TransColorado posts such capacity as being reserved. TransColorado will not, absent Commission approval, accept advance payments to reserve capacity under this Section 3.4.
- (c) If TransColorado elects to reserve capacity, it will notify Shippers of its intent as part of its posting of capacity on its Interactive Website. TransColorado's posting for reserved capacity for future expansion projects shall include the following information: (i) a description of the project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so when, TransColorado anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids; (v) the projected in-service date of the new facilities; and (vi) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. To the extent TransColorado has not already solicited turnback capacity, the posting for reserved capacity shall also include a non-binding solicitation for turnback capacity to serve the expansion project, provided that TransColorado shall post the non-binding solicitation for turnback capacity no later than 90 Days after the close of the expansion project open season. TransColorado shall make reasonable efforts to update the posting up to the in-service date of the project to reflect any material project changes.

- (d) TransColorado will make capacity available through an open season or an Interactive Website capacity posting before TransColorado reserves such capacity for a future expansion project. If TransColorado elects to hold an open season to make capacity generally available, TransColorado shall have the right to state in the open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the previous capacity open season, TransColorado shall hold another open season for the capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the reservation of capacity open season, TransColorado shall use the same minimum terms and conditions as used for the expansion project open season.
- (e) Any interim capacity created by a reservation of future capacity shall be made available for transportation service pursuant to these General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term agreements, TransColorado reserves the right to limit any term extension rights provided in the agreement and pursuant to General Terms and Conditions Section 7.2 commensurate with the proposed in-service date of the expansion project. TransColorado will indicate in any open season posting of the capacity any limitations on term extension rights that will apply to such limited term transportation service.
- (f) Any capacity reserved for a project that does not go forward for any reason shall be reposted on the Interactive Website as generally available capacity within 30 Days of the date that the project terminates.

3.5 Form of the Agreement. The terms and conditions of this Tariff together with the terms of Shipper's service documented on the completed agreement will constitute the terms of the Transportation Service Agreement between TransColorado and the Shipper.

3.6 Electronic Execution of Agreements - For all agreements (including all Park & Loan Agreements, Park & Loan Service Request Orders and amendments to existing agreements) entered into on or after the effective date of this tariff provision (all of which shall be referred to as agreements for purposes of this Section 3.6), TransColorado and Shipper may execute such agreements electronically or by signing a traditional paper agreement. If Shipper elects to sign a traditional paper agreement, then Shipper shall not submit nominations while the paper agreement is pending execution. For agreements requiring filing with the Commission, Transporter may submit either electronic or traditional paper agreements.

- (a) The agreement shall be deemed to be executed by Shipper when the Shipper accepts the agreement electronically via TransColorado's Interactive Website. The agreement shall be deemed to be executed by TransColorado when TransColorado accepts the Shipper's agreement using the Interactive Website. Upon acceptance by both Shipper and TransColorado, the agreement will be deemed fully executed. An agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.
- (b) Notwithstanding the above, if the Shipper and TransColorado electronically execute an agreement and the Shipper later requests a traditional paper agreement, the electronic agreement shall be deemed the original until the paper agreement is executed by both parties.
- (c) If an agreement contains provisions that must be reviewed by the Commission, and the agreement is not accepted by the Commission, then TransColorado and Shipper shall collaborate to remedy any deficiencies.

3.7 After receiving a request for service, TransColorado will evaluate Shipper's service request and respond to Shipper within five business days. Once the request has been evaluated and approved, TransColorado will issue a completed agreement containing the terms of the service that TransColorado will provide. Except as stated in Rate Schedule PALS, Section 4.1(d), if Shipper fails to execute an agreement or any amendment thereto tendered by TransColorado in response to a valid request for service within 30 Days of the date tendered, Shipper's request shall be deemed null and void.

3.8 Notice of completed transactions shall be posted on the Informational Postings portion of its Interactive Website.

3.9 Changes to Shipper's Transportation Service Agreement. The agreement shall be amended only by an instrument executed by both Parties electronically using the process described in Section 3.6 or through placing signatures on a traditional paper agreement

3.10 Extension Rights. TransColorado and Shipper may mutually agree to an evergreen, renewal, or rollover provision in the agreement that would allow the agreement to continue beyond its primary term with the mutual consent of the parties. If the agreement contains such a provision, the right of first refusal provisions of General Terms and Conditions Section 7.2 will not apply until the agreement has reached the end of the evergreen, renewal, or rollover right set forth in the agreement terminates or is waived.

If a Shipper has entered into a firm agreement utilizing acquired capacity contracted for pursuant to General Terms and Conditions Section 27, such Shipper may not elect to extend the term of its agreement beyond the term of TransColorado's agreement for such acquired capacity. If TransColorado conducts an open season for an expansion project, the sizing of which could be affected by a current Shipper's plans regarding continuation of service, TransColorado may issue a separate notice during or after the open season informing Shippers of its election to terminate the evergreen, renewal, or rollover right pursuant to the agreement.

3.11 Extension of Executed Agreements

- (a) TransColorado and Shipper may mutually agree to the early termination of one or more agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that TransColorado and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's Interactive Website as unsubscribed available capacity prior to the extension.
- (b) Prior to the expiration of the term of an executed agreement, TransColorado and Shipper may mutually agree to renegotiate the terms of the agreement with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner). If an agreement is subject to right-of-first-refusal, the agreement to extend must be reached prior to the receipt of an acceptable bid submitted pursuant to Section 7.2 of the GT&C.
- (c) When an existing agreement is subject to the right-of-first-refusal, or contains an evergreen, renewal, or rollover clause, extension rights apply to each increment of capacity that expires in increments (i.e., on a step-down basis) during the term of the executed agreement.

3.12 Governing Law. The laws of the State of Colorado shall govern the validity, construction, interpretation and effect of agreements and of the applicable Tariff provisions entered into between TransColorado and Shipper. Agreements are subject to all applicable rules, regulations or orders issued by any court or regulatory agency with proper jurisdiction.

3.13 Regulatory Authority. All services shall be performed pursuant to 18 CFR 284.221 authority, unless Shipper elects service to be performed pursuant to 18 CFR 284.101 (Section 311) authority. If service is requested pursuant to 18 CFR 284.101

(Section 311), the Shipper must provide the information found in GT&C Section 3.1(j), (k) and (l) to TransColorado.

Reserved for future use.

5. BIDDING FOR FIRM TRANSPORTATION SERVICE

5.1 Notice of Available Firm Capacity. TransColorado will post the availability of capacity on a continuous basis, pursuant to Sections 284.13(d) of the Commission's Regulations on the Informational Postings portion of its Interactive Website.

5.2 Qualifications for Bidding. Any party wishing to become a Bidding Shipper must comply with the requirements of Sections 2 and 18 of the General Terms and Conditions prior to submitting a bid for capacity.

5.3 Bidding for Firm Capacity. A Shipper desiring to obtain firm capacity from TransColorado through an open season pursuant to Section 3 of the General Terms and Conditions must submit a bid (by prearrangement or by bidding on an offer posted for competitive bidding) for the service through the Interactive Website or in writing according to the procedures outlined in this section.

- (a) Should TransColorado conduct an open season it will post a notice of availability of the uncontracted-for capacity on its Interactive Website to afford all potential Shippers an opportunity to acquire the capacity. Any party wishing to purchase the capacity, and who meets the creditworthiness requirements, may participate in the open season. TransColorado will award the capacity on a net present value basis using non-discriminatory and objective posting and evaluation criteria specified in the notice of the open season. When an open season is being conducted, all applicable requests for service will be treated under this open season process.
 - (i) TransColorado reserves the right to conduct an open season at its discretion for currently available capacity or for capacity to become available at a future date.
 - (ii) TransColorado will, however, conduct an open season (involving either an open offer to sell capacity or a pre-arranged transaction) if it wishes to sell capacity where the requested start date extends one year or more into the future.

5.4 Awarding of Capacity. TransColorado's capacity shall be awarded using the evaluation methods provided in Section 6.

5.5 Requests for Discounts. TransColorado is not obligated to accept any bid that is less than the maximum rate stated on the Statement of Rates except as set forth in Section 9.7 of the General Terms and Conditions of this Tariff.

5.6 Notice of Completed Transactions shall be posted on the Informational Postings portion of its Interactive Website.

5.7 Notice of Prearranged Capacity. TransColorado may pre-arrange with any party for the sale of its uncommitted firm capacity. TransColorado will post the pre-arranged transaction on the Interactive Website unless the transaction qualifies under the posting exception provisions of Section 6. The pre-arranged party must confirm its request for the capacity in writing. Otherwise the request will be considered void and the capacity will not be awarded to the pre-arranged party.

Other parties' competing bids for the capacity pre-arranged by TransColorado shall be evaluated according to Section 6. If no higher offer is received during the bid period, the pre-arranged party shall receive the capacity. If a higher offer is received, the pre-arranged party will be permitted to match the offer and receive the capacity from TransColorado pursuant to the applicable provisions of Section 6. If the pre-arranged party does not elect to match the highest offer, the shipper making the highest offer will be awarded the capacity.

6. CAPACITY RELEASE BY FIRM SHIPPERS

6.1 GENERAL

(a) Subject to the terms, conditions and limitations set forth in this Section 6, a Shipper holding capacity rights under an Eligible Firm Transportation Agreement shall have the right to release all or a portion of such capacity rights and, if a capacity release is effectuated under this Section 6, to receive a credit for reservation charge revenues received by TransColorado from that other Shipper for such released capacity.

(b) The capacity release timeline set forth in this Section 6 applies to all parties involved in the capacity release process provided that; 1) all information provided by the parties to the transaction is valid and the Replacement Shipper (or Subreplacement Shipper, if applicable) has been determined to be creditworthy before the Qualified Bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided TransColorado with sufficient instructions to evaluate the corresponding bids according to the timeline, and 3) there are no special terms or conditions of the release. Further, TransColorado may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by TransColorado). (NAESB WGQ Standard No. 5.3.1)

(c) Following is a summary of the capacity release process and deadlines set forth in greater detail in the remainder of this Section 6. All times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard No. 0.3.17.

NAESB WGQ Standard No. 5.3.2

(i) For biddable releases (one (1) year or less):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season ends at 10:00 a.m. on the same or a subsequent Business Day (evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken);

(3) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(4) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(5) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(6) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(ii) For biddable releases (more than one (1) year):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(iii) For non-biddable releases:

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No.

1.3.2. The posting deadlines are:

- Timely Cycle 12:00 Noon
- Evening Cycle 5:00 p.m.
- Intraday Cycle 1 9:00 a.m.
- Intraday Cycle 2 1:30 p.m.
- Intraday Cycle 3 6:00 p.m.

The contract is issued within one hour of the award posting (with a new contract number, when applicable).

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(iv) For Sections 6.1(c)(i) and 6.1(c)(ii), Nomination is not contingent on a contract being issued or executed so long as the Replacement Shipper has preapproved credit.

6.2 DEFINITIONS

(a) **Bid Value.** The value assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 6.10 or, if applicable, the bid evaluation procedures set forth in the Capacity Release Request.

(b) **Capacity Release Request.** The request that a Releasing Shipper submits to initiate the capacity release procedure under this Section 6.

(c) **Eligible Firm Transportation Agreement.** A Transportation Service Agreement under any firm transportation service Rate Schedule under this Tariff.

(d) **Maximum Bid Volume.** The maximum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(e) **Minimum Bid Volume.** The minimum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(f) **Original Shipper.** The entity who is the Shipper under an Eligible Firm Transportation Agreement (other than through a capacity release).

(g) **Prearranged Release.** The binding written release agreement between a Releasing Shipper and a Prearranged Shipper covering Eligible Firm Transportation Agreement capacity rights, the effectiveness of which is subject only to: (1) the prequalification of the Prearranged Shipper under Section 6.15; and (2) the release of such capacity rights to the Prearranged Shipper as provided by this Section 6.

(i) A Prearranged Release between a Releasing Shipper and an Asset Manager as that term is defined in 18 C.F.R. Section 284.8(h)(3), shall be defined for purposes of this Section 6, as a "Prearranged Asset Manager Release".

(ii) A Prearranged Release between a Releasing Shipper and a Marketer Participating in a State-Regulated Retail Access Program, as that term is defined in 18 C.F.R. Section 284.8(h)(4), shall be defined for purposes of this Section 6, as a "Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program".

(iii) A Prearranged Asset Manager Release and a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program are exempt from the Open Season Requirements set forth in this Section 6.

(h) **Prearranged Shipper.** A person or entity prequalified under Section 6.15 who has entered into a Prearranged Release with a Releasing Shipper for Eligible Firm Transportation Agreement capacity rights, including a Replacement Shipper under either a Prearranged Asset Manager Release, or a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program.

(i) **Qualified Bid.** A binding bid prequalified under Section 6.15 by a Qualified Bidder for capacity rights subject to a Capacity Release Request under this Section 6.

(j) **Qualified Bidder.** Any person or entity prequalified under Section 6.15 who bids for capacity rights being released under this Section 6, including a Replacement Shipper under a Prearranged Asset Manager Release or a Prearranged Release to a Marketer Participating in a State-Regulated Retail Access Program.

(k) **Released Firm Transportation Agreement.** The agreement between TransColorado and a Replacement Shipper or a Subreplacement Shipper by which the Replacement Shipper or Subreplacement Shipper confirms the receipt of capacity rights under an Eligible Firm Transportation Agreement released by a Releasing Shipper under this Section 6.

(l) **Releasing Shipper.** Any Shipper holding capacity rights under an Eligible Firm Transportation Agreement or Released Firm Transportation Agreement who has released or seeks to release such capacity rights pursuant to this Section 6.

(m) **Replacement Shipper.** A Shipper receiving capacity rights under an Eligible Firm Transportation Agreement pursuant to a direct release from an Original Shipper under this Section 6.

(n) **Short-Term Prearranged Release.** Prearranged Release with a term of thirty-one (31) days or less.

(o) **Subreplacement Shipper.** A Shipper receiving capacity rights released from an Eligible Firm Transportation Agreement by a Replacement Shipper or a Subreplacement Shipper under this Section 6.

(p) **Unit Bid Value.** The unit value per Dth assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 6.10.

(q) **Winning Bid Value.** The highest possible total Bid Value achievable under Section 6.10 for the Capacity Release Request from the Qualified Bids consistent with the Capacity Release Request and this Section 6.

6.3 Release Without a Prearranged Shipper. A Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights without a Prearranged Shipper shall deliver a Capacity Release Request to TransColorado's Interactive Website (or in writing for posting on TransColorado's Interactive Website if TransColorado's Interactive Website is unavailable for receiving Capacity Release Requests) which sets forth:

(a) The Releasing Shipper's legal name, address and phone number, the Eligible Firm Transportation Agreement number, the date of the Eligible Firm Transportation Agreement and the name and title of the individual responsible for authorizing the capacity release;

(b) The quantity of the capacity (in Dth per day) and the transportation path(s) (or segment(s) thereof) being released, including identification by TransColorado's Point Identification Number (PIN) Number (or Common Code) of the Receipt Points, Delivery Points, pooling point defining the release path/segment and the firm capacity to be released at each such point;

(c) Whether the capacity being released is subject to recall and/or reput, and if so, the exact conditions for such recall and/or reput (which conditions must conform to Sections 6.5 and 6.14);

(d) The proposed effective date and proposed term of the release;

(e) Whether the Releasing Shipper wants TransColorado to actively market the Releasing Shipper's capacity rights;

(f) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the subsequent purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

- (g) The starting date for the open season and the length of time for the open season (which must conform to Section 6.7);
- (h) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);
- (i) Which of the bid evaluation procedures set forth in Section 6.10 the Shipper wishes to use, if any;
- (j) The Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer:
 - (i) Non-index-based release - dollars and cents,
 - (ii) Non-index-based release -percentage of maximum rate, or
 - (iii) Index-based formula as detailed in the capacity release offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. (NAESB WGQ Standard No. 5.3.26)

- (k) Any other applicable conditions (which must conform to Section 6.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 6.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 6.5(a).

6.4 Prearranged Release. Subject to Section 6.6, a Shipper seeking to release its Eligible Firm Transportation Agreement capacity rights to a Prearranged Shipper shall deliver a Capacity Release Request to TransColorado's Interactive Website at TransColorado's designated site for an open season. The Capacity Release Request shall set forth:

- (a) The Releasing Shipper's legal name, address and phone number, the Prearranged Shipper's legal name, and where applicable, identification of the Prearranged Replacement Shipper as an "Asset Manager" as that term is defined in 18 C.F.R. 284.8(h)(3) or a "Marketer Participating in a State-Regulated Retail Access Program" (as that term is defined in 18 C.F.R. 284.8(h)(4)), address, phone number, and telefax number, the Eligible Firm Transportation Agreement number, the date of the Eligible Firm Transportation Agreement and the name and title of the individuals at the Releasing Shipper and the Prearranged Shipper responsible for authorizing the capacity release;
- (b) A statement that the Prearranged Shipper has agreed to be bound by a capacity award to the Prearranged Shipper under this Section 6 by TransColorado and to execute a Released Firm Transportation Agreement, which consists of TransColorado's standard form of Transportation Service Agreement under the applicable firm transportation service rate schedule and

the terms and conditions of the Prearranged Release, in accordance with TransColorado's Tariff. Such statement shall also set forth:

- (i) The quantity of the capacity (in Dth per day) and the transportation path(s) [or segment(s) thereof] being released, including identification by TransColorado's PIN Number (or Common Code) of the Receipt Points, Delivery Points, pooling point defining the released path/segment and the firm capacity to be released at each such point;
 - (ii) The fixed reservation charge and/or volumetric charge the Prearranged Shipper has agreed to pay for the released capacity;
 - (iii) Whether the capacity being released is subject to recall and/or reput in the Prearranged Release and, if so, the exact conditions of such recall and/or reput (which conditions must conform with Sections 6.5 and 6.14); and
 - (iv) The proposed effective date of the Prearranged Release and the proposed term of the Prearranged Release.
- (c) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;
- (d) Whether the Releasing Shipper will accept Qualified Bids with longer terms or larger volumes, and if so, what is the maximum volume and the longest term the Releasing Shipper will accept;
- (e) Whether the Releasing Shipper wants TransColorado to actively market its capacity rights subject to the Prearranged Release;
- (f) The starting date for and the length of time for the open season (which must conform to Section 6.7) and the length of time (consistent with Section 6.9(b)) for the Prearranged Shipper to be able to match a winning Qualified Bid;
- (g) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);
- (h) Which of the bid evaluation procedures set forth in Section 6.10 the Shipper wishes to use, if any;
- (i) Whether the Qualified Bids are to specify dollars and cents and/or percentage of the maximum tariff rate; or an index based formula as detailed in the capacity release offer;
- (j) Whether the release is a Prearranged Asset Manager Release as defined in Section 6.2(g)(i) hereof and the Asset Manager's obligation to deliver gas to, or purchase gas from, the Releasing Shipper;
- (k) Whether the release is a Prearranged Release to a Marketer Participating in a State Regulated Retail Access Program, as defined in Section 6.2(g)(ii) hereof; and

(l) Any other applicable conditions (which must conform with Section 6.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 6.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 6.5(a).

6.5 Capacity Release Requirements.

(a) All terms and conditions relating to a release which is the subject of a Capacity Release Request: (i) must be nondiscriminatory and applicable to all potential bidders; (ii) must be made available to TransColorado for posting; (iii) must relate solely to the details of acquiring or maintaining the transportation capacity rights on TransColorado, which are the subject of the release; and (iv) must not place any obligations or burdens on TransColorado in addition to the terms and conditions applicable to a capacity release under this Section 6 which are specified in TransColorado's Tariff. Any bid evaluation procedure elected by a Releasing Shipper different from TransColorado's bid evaluation procedure set forth in Sections 6.10(b) through 6.10(d) must be objective, nondiscriminatory in all circumstances and contain a complete description of the bid evaluation procedure for posting on TransColorado's Interactive Website. TransColorado may require the Releasing Shipper to submit a working computer program to TransColorado in diskette form which is compatible with TransColorado's Interactive Website which will enable TransColorado to make such alternative bid evaluation entirely through TransColorado's Interactive Website, The Releasing Shipper shall warrant that the computer diskette conforms to the bid evaluation procedure in the Capacity Release Request.

For the capacity release business process timing model, only the following methodologies are supported by TransColorado and provided to Releasing Shippers as choices from which they may select and, once chosen, will be used in determining the awards from the bid(s) submitted. They are: (i) highest rate, (ii) net revenue and (iii) present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. Other choices of bid evaluation methodology (including other Releasing Shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of TransColorado. However, TransColorado is not required to offer other choices or similar timeline treatment for other choices, nor, is TransColorado held to the timeline should the Releasing Shipper elect another method of evaluation. (NAESB WGQ Standard No. 5.3.3)

(b) The term of any release of capacity sought under this Section 6 shall be at least one full day and shall not exceed the remaining term of the Eligible Firm Transportation Agreement.

(c) The quantity sought to be released under a Capacity Release Request shall not be less than the minimum quantity required for the Eligible Firm Transportation Agreement under TransColorado's Tariff.

(d) No capacity release under this Section 6 shall result in an increase in the total capacity set forth in the Eligible Firm Transportation Agreement with the Original Shipper for any segment of a path covered by such Eligible Firm Transportation Agreement.

(e) A Capacity Release Request may include the right by a Releasing Shipper to recall all or part of the capacity, and/or to reput all or part of the recalled capacity, at any time and from time to time. All recalls or reputs must be made in accordance with the other provisions of TransColorado's Tariff, including Section 6.14 of these General Terms and Conditions.

(f) The Releasing Shipper may withdraw its posted Capacity Release Request during an open season under this Section 6 where unanticipated circumstances justify and no minimum bid has been received; following the close of the open season, a Releasing Shipper may not reject a winning Qualified Bid. Offer should be binding until written or electronic notice of withdrawal is received by TransColorado. Notice of a withdrawal of a Capacity Release Request must be delivered to TransColorado's Interactive Website no later than the end of the open season for the Capacity Release Request.

(g) A Replacement Shipper or Subreplacement Shipper may release the capacity under the provisions of this Section 6 (except as prohibited by Federal Energy Regulatory Commission Regulations).

(h) Any Capacity Release Request not in compliance with this Section 6.5 and the other provisions of TransColorado's Tariff shall be null and void and, even if posted, may be removed from TransColorado's Interactive Website by TransColorado at any time.

6.6 Open Season Exceptions. An open season is not required for: (a) a Prearranged Release for more than one (1) year at the maximum reservation charge applicable to the capacity being released, (b) a Short-term Prearranged Release, (c) a Prearranged Asset Manager Release, as defined in Section 6.2(g)(i) hereof or (d) a Prearranged Release to a Marketer Participating in a State Regulated Retail Access Program, as defined in Section 6.2(g)(ii) hereof. A Capacity Release Request which is not subject to an open season need only contain the information required in Sections 6.4(a) and (b). Such Capacity Release Request must be delivered to TransColorado's Interactive Website (or in writing for posting on TransColorado's Interactive Website if the Interactive Website is unavailable for receiving Capacity Release Requests) sufficiently in advance so that the release may become effective under Section 6.9 before the release transaction is to commence. A Releasing Shipper may not rollover, extend or in any way continue a Short-term Prearranged Release exempt from bidding under subsection (b) hereof with the same Replacement or Subreplacement Shipper until twenty-eight(28) days after the Short-term Prearranged Release has ended unless the Releasing Shipper complies with the Capacity Release Request provisions in Sections 6 or the re-release qualifies for any of the other exemptions from bidding, referenced in subsections (a), (c) or (d) hereof.

6.7 Postings; Open Season. Except for the provisions in Section 6.6 above, the following constitute the procedures for postings of open seasons:

(a) A Capacity Release Request received by TransColorado through the Interactive Website prior to the starting time of the open season requested by the Releasing Shipper in its Capacity Release Request in conformance with

this Section 6 shall be posted on TransColorado's Interactive Website as requested. The posting shall contain the information contained in the Capacity Release Request, except that all identifying information, and the minimum price in any minimum price condition requested to be held confidential by the Releasing Shipper (but not the existence of the minimum bid condition), shall be kept confidential and shall not be posted. The posting shall also include the maximum reservation charge, if applicable, (including all reservation surcharges) applicable to the capacity subject to the Capacity Release Request, the beginning and ending time for the open season and the time the notice was posted. TransColorado shall post the Capacity Release Request upon receipt. If the Releasing Shipper requests a posting time, TransColorado will comply with that request as long as it comports with the deadlines set forth in this Section 6.

(b) An open season shall consist of: (i) a one (1) hour period on a Business Day between 12:00 p.m. and 1:00 p.m. CCT or (ii) any number (no fractions) of Business Days running from 12:00 p.m. CCT on a Business Day to 1:00 p.m. CCT on the following Business Day, as requested by the Releasing Shipper in its Capacity Release Request; provided, however, that any capacity release for a period of one (1) year or longer must have an open season of at least three Business Days, for a period at least running from 12:00 p.m. CCT on a Business Day to 1:00 p.m. CCT two (2) Business Days later.

(c) A Releasing Shipper may not specify an extension of an open season or the match period for a Prearranged Release. Rather, the Releasing Shipper must submit a new Capacity Release Request.

6.8 Qualified Bids for Released Capacity Rights.

(a) At any time during an open season, a Qualified Bidder may submit a Qualified Bid to TransColorado's Interactive Website (or in writing for posting on TransColorado's Interactive Website if the Interactive Website is unavailable for receiving Qualified Bids) seeking released capacity rights under a Capacity Release Request. In addition to being prequalified for credit pursuant to Section 6.15, each Qualified Bid must include the following:

(i) The Qualified Bidder's legal name, address, phone number, telefax number, the name and title of the individual responsible for authorizing the Qualified Bid and identification of the capacity rights for which the Qualified Bid is made;

(ii) The term for the purchase;

(iii) A Minimum Bid Volume and a Maximum Bid Volume (in Dth per day);

(iv) The fixed reservation charge and/or volumetric charge that the Qualified Bidder agrees to pay for the capacity (and if a volumetric charge, any minimum amount to be billed as a reservation charge, which must be equal to or greater than any such amount designated by the Releasing Shipper);

(v) A statement that the Qualified Bidder agrees to all the terms and conditions of the Capacity Release Request, with only the

modifications as expressly provided in its Qualified Bid, which modifications must be permitted by the Capacity Release Request and must conform with the requirements in this Section 6. In the event that the Releasing Shipper has stated that Qualified Bid(s) may be contingent upon subsequent events and the Qualified Bidder submits such a contingent Qualified Bid, then the Qualified Bidder must state in full the nature of the condition and the last date by which the Qualified Bid is null and void if the contingency does not occur; and

(vi) Agreement that the Qualified Bidder is bound by the terms and conditions of the capacity award by TransColorado pursuant to this Section 6 to the Qualified Bidder, including TransColorado's standard Form of Service Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with TransColorado's Tariff.

(b) The volume in a Qualified Bid may not be less than the minimum volume required for an Eligible Firm Transportation Agreement under TransColorado's Tariff. Neither the volume nor the release term specified in a Qualified Bid may exceed the maximum volume or term specified in a Capacity Release Request, unless the Capacity Release Request specifically allows otherwise. A Qualified Bidder must accept all the terms and conditions of a Capacity Release Request submitted under Section 6.4 (involving a Prearranged Release) except for the level of the reservation charge and the CD, unless the Capacity Release Request specifically allows otherwise.

(c) Except as provided herein, and for releases for a term of more than one (1) year, a Qualified Bidder may not bid rates which would exceed TransColorado's maximum reservation charge applicable to the Eligible Firm Transportation Agreement capacity. If the Original Shipper is paying a Negotiated Rate or a rate under a Negotiated Rate Formula pursuant to Section 23 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the applicable recourse rate. The maximum Qualified Bid reservation charge includes all demand surcharges, including all direct-billed charges which are or may become applicable to the Eligible Firm Transportation Agreement capacity. There is no maximum rate limitation applicable to bids for capacity release for a term of one (1) year or less, if the release is to take effect on or before one (1) year from the date on which TransColorado is notified of the release.

(d) All Qualified Bids shall provide for payment of maximum usage charges under TransColorado's Tariff for the capacity bid, as well as all other applicable add-on charges and surcharges under TransColorado's Tariff, such as, but not limited to, ACA and FL&U reimbursement.

(e) A Qualified Bid received by TransColorado during an open season shall be posted by TransColorado on its Interactive Website, without the name of the Qualified Bidder. A Qualified Bid may be withdrawn by the Qualified Bidder prior to the close of the open season, but may not be withdrawn thereafter. Following such withdrawal, the Qualified Bidder cannot bid for the same capacity during the open season at a lower rate.

(f) All Qualified Bids must be consistent with all provisions of

TransColorado's Tariff. Any Qualified Bid inconsistent with TransColorado's Tariff or the applicable Capacity Release Request shall be null and void.

6.9 Awarding of Released Capacity.

(a) For a Prearranged Release for which no open season is required under Section 6.6 and which is received at least one (1) hour prior to a nomination deadline on a Day, TransColorado shall tender the contract to the Prearranged Shipper within one (1) hour after release notification, provided that all applicable provisions of this Section 6 have been complied with.

(b) As to any other Prearranged Release, in the event there was no winning Qualified Bid(s) with a higher total Bid Value than the Prearranged Shipper's Bid Value, TransColorado shall notify the Prearranged Shipper. If, during an open season, the winning Qualified Bid(s) have a higher total Bid Value than the Bid Value of the Prearranged Release under the bid evaluation procedure selected by the Releasing Shipper, TransColorado shall notify the Prearranged Shipper of the terms and conditions of the winning Qualified Bid(s), except for any identification of the Qualified Bidder(s). The Prearranged Shipper may elect to match any or all of such winning Qualified Bid(s), but may not elect to match only a portion of a winning Qualified Bid. Such election shall consist of the Prearranged Shipper submitting notice to TransColorado of its unconditional agreement to the terms and conditions of one or more of such winning Qualified Bid(s) in winning Qualified Bid(s) (or such later time as requested by the Releasing Shipper in its Capacity Release Request). In the event of a timely match, then the Prearranged Shipper shall be awarded the released capacity by 5:00 p.m. CCT on that business day. To the extent that the Prearranged Shipper fails to timely match (within the above time frame) the winning Qualified Bid(s) with a higher Bid Value, then the Qualified Bidder(s) who made the winning Qualified Bid shall be awarded the capacity by 5:00 p.m. CCT on the business day of TransColorado's notice to the Prearranged Shipper.

(c) For any other Capacity Release Request, the capacity rights shall be automatically awarded to the winning Qualified Bidder(s) when TransColorado has identified the entity(s) to receive the released capacity under this Section 6.

(d) A capacity release shall become effective, and nominations for gas service utilizing the release capacity shall be accepted, at the latest of the following times:

(i) The applicable nomination deadline set forth in Section 8.2 of these General Terms and Conditions for the start of service requested for such release in the Capacity Release Request; or

(ii) The applicable nomination deadline set forth in section 8.2 of these General Terms and Conditions on the day following the capacity award.

(e) Gas nominations for transportation pursuant to released capacity are subject to the provisions of Section 8 of these General Terms and Conditions. Gas nominations by a Shipper utilizing released capacity awarded by TransColorado shall constitute Shipper's binding acceptance of the terms and conditions of the capacity award by TransColorado pursuant to this Section 6,

including TransColorado's standard Form of Service Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with TransColorado's Tariff.

(f) Subject to the other provisions in this Section 6, in the event that there is no Qualified Bidder or Prearranged Shipper for posted Eligible Firm Transportation Agreement capacity during an open season, no capacity release will be awarded and the Releasing Shipper shall retain the capacity sought to be released.

6.10 Bid Evaluation Procedure.

(a) Unless specifically requested otherwise by a Releasing Shipper in its Capacity Release Request, Qualified Bids for released capacity shall be evaluated pursuant to Sections 6.10(b) through 6.10(g) below. Any Qualified Bid which does not meet a minimum price condition stated in the Capacity Release Request shall be rejected outright. Any Qualified Bid with a contingency must have such contingency eliminated before 3:00 p.m. CCT following the close of the open season, unless the Releasing Shipper's offer has specified a later time; otherwise, such Qualified Bid will be rejected.

(b) TransColorado shall calculate a Bid Value and Unit Bid Value for each Qualified Bid and Prearranged Release (if any), and shall calculate the Winning Bid Value, as follows:

(i) For each month, the volume and reservation charge per Dth stated in the Qualified Bid shall be multiplied together to derive a gross monthly revenue figure. If the Qualified Bids contain volumetric-based charges permitted by the Capacity Release Request, then the gross monthly revenue figure shall be equal to any minimum amount designated by the bidder to be billed as a reservation charge even if there is no (or insufficient) flow.

(ii) Each gross monthly revenue figure shall be discounted to a net present value figure as of the first day of the capacity release as sought in the Capacity Release Request, using the current Federal Energy Regulatory Commission interest rate as defined in 18 C.F.R. Section 154.501(d).

(iii) The net present value figures for the proposed release shall be summed, and such sum shall be the Bid Value.

(iv) The Unit Bid Value is defined to equal the Bid Value divided by the product of: (1) the highest volume of capacity (in Dth) sought in the Qualified Bid for any day; multiplied by (2) the release term (in months) in the Capacity Release Request; and multiplied further by (3) thirty and four-tenths (30.4).

(c) The combination of Qualified Bid(s) with the highest possible total Bid Value (Winning Bid Value) for the capacity in the Capacity Release Request shall be the winning Qualified Bid(s). A Qualified Bid may be allocated less than its Maximum Bid Volume, but in no event shall the Qualified Bid be allocated less than its Minimum Bid Volume. It is recognized that this procedure is intended to result in the highest possible total Bid Value for the

Releasing Shipper consistent with the Qualified Bids, and it is possible that a Qualified Bid with the highest individual Unit Bid Value may be rejected partially or in its entirety.

(d) If there is more than one combination of Qualified Bids with a total Bid Value equal to the Winning Bid Value this Section 6.10(d) provides the procedure for selecting just one such combination, and thereby the winning Qualified Bid(s).

Subject to the provisions in Sections 6.10(d)(i), (ii) and (iii) below, the selection of winning Qualified Bid(s) among Qualified Bids (or combinations thereof) of equal Winning Bid Value is based on the following order of preference: (i) pro rata, if possible; (ii) preference for a Qualified Bid with the highest Maximum Bid Volume; (iii) preference for a Qualified Bid with the lowest Minimum Bid Volume; and (iv) first come, first served.

The specific Qualified Bid selection procedure is as follows:

(i) Identify the Winning Bid Value. If there is only one Qualified Bid, or combination of Qualified Bids, which create the Winning Bid Value, such Qualified Bid(s) shall be awarded the released capacity.

(ii) In order to break ties, identify all Qualified Bids which, alone or in combination with other Qualified Bids, can create the Winning Bid Value. Rank order these Qualified Bids in order of their Unit Bid Value from highest to lowest. Allocate the Capacity Release Request capacity first to the Maximum Bid Volume of each Qualified Bid with the highest Unit Bid Value; allocate any remainder to the Maximum Bid Volume of each Qualified Bid with the next highest Unit Bid Value; and so forth. If, at any step, the available Capacity Release Request capacity is less than the combined Maximum Bid Volumes of Qualified Bids with equal Unit Bid Values, then the Capacity Release Request capacity shall be allocated on a pro rata basis to each Qualified Bid based on its Maximum Bid Volume.

To the extent such a pro rata allocation would result in a capacity allocation to one or more Qualified Bid(s) below its Minimum Bid Volume, then such below-minimum Qualified Bids shall be discarded in their entirety and the Capacity Release Request capacity shall instead be allocated on a pro rata basis (based on the Maximum Bid Volume of each Qualified Bid) among the remaining Qualified Bid(s).

(iii) In the event that the previous Section 6.10(d)(ii) pro rata allocation procedure does not result in a single winning combination of Qualified Bid(s) with the Winning Bid Value, then Section 6.10(d)(ii) shall be disregarded and the winning Qualified Bid(s) shall be determined in the following manner:

(1) Identify the highest individual Maximum Bid Volume for a Qualified Bid which, alone or in combination with other Qualified Bid(s), can create the Winning Bid Value. Discard all Qualified Bid combinations which do not contain a Qualified Bid with such highest Maximum Bid Volume. Identify the highest volume which can be allocated to such Qualified Bid with such highest Maximum Bid Volume in the remaining combinations

and still have the Winning Bid Value. Discard all combinations of Qualified Bid(s) which do not contain the highest such volume allocation. If this does not break the tie, then repeat the above procedure looking to the next highest Maximum Bid Volume, with the highest volume allocated thereto, within each remaining combination of Qualified Bid(s) with a Winning Bid Value; and so forth, until the tie is broken or all Qualified Bids in the remaining combinations are reviewed.

(2) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume and the highest volume allocated to such Qualified Bid, and identify which such Qualified Bid has the lowest Minimum Bid Volume. Discard all combinations which do not contain such Qualified Bid. If this does not break the tie, repeat the above procedure looking to the next highest Maximum Bid Volume, with the lowest Minimum Bid Volume, within each remaining combination of Qualified Bid(s) with the Winning Bid Value; and so forth, until the tie is broken or all Qualified Bid(s) in the remaining combination are reviewed.

(3) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume. The combination containing such Qualified Bid that TransColorado's Interactive Website shows was submitted and received earliest by the Interactive Website (or if the Interactive Website is not available and the Qualified Bid was submitted in writing, the time TransColorado received the Qualified Bid) shall be the winning combination. The next highest Maximum Bid Volume within each remaining combination shall be used as necessary pursuant to the above first come, first served rule to break any remaining ties; and so forth as necessary to break any remaining ties.

(4) In no event shall the combination of winning Qualified Bid(s) result in a total Bid Value less than the highest possible total Bid Value achievable from a combination of Qualified Bid(s) consistent with the Qualified Bids, the Capacity Release Request and this Section 6.

(5) The Qualified Bid(s) allocated capacity under Sections 6.10(c) or 6.10(d) shall be winning Qualified Bid(s) to the extent of such capacity allocations.

(6) Here are examples of the application of Section 6.10(d):

EXAMPLE (1)

Assume: Capacity Release Request = 100,000/day for 5 years Qualified Bids:

Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume

Bid (a)	20,000/day	5 years	\$.18	0
Bid (b)	10,000/day	5 years	\$.17	0
Bid (c)	85,000/DAY	5 YEARS	\$.15	0

Winning Qualified Bids: There is only one combination of bids with the highest possible total Bid Value (Winning Bid Value). Therefore, Bid (a) receives its Maximum Bid Volume (20,000); Bid (b) receives its Maximum Bid Volume (10,000); Bid (c) receives 70,000.

EXAMPLE (2)

The assumptions remain the same as in Example (1), except that we assume that Bid (c) has a Minimum Bid Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids with the Winning Bid Value. Therefore, Bid (c) receives its Maximum Bid Volume (85,000) plus Bid (a) receives 15,000.

EXAMPLE (3)

The assumptions remain the same as in Example (1), except that we assume that Bid (a) has a Minimum Bid Volume of 20,000 and Bid (c) has a Minimum Bid Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids with the Winning Bid Value. Therefore, Bids (b) and (c) each receive their Maximum Bid Volumes. This combination leaves 5,000 unallocated, which stays with the Releasing Shipper.

EXAMPLE (4)

Assume: Capacity Release Request = 100,000/day for 5 years Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
Bid (a)	60,000/day	5 years	\$.18	0
Bid (b)	60,000/day	5 years	\$.18	0
Bid (c)	70,000/day	5 Years	\$.18	45,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 Years	\$.17	0

Winning Qualified Bids: Bid (a) receives 30,000; Bid (b) receives 30,000; Bid (d) receives 25,000; and Bid (e) receives 15,000.

Explanation: There are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Each Bid has the same Unit Bid Value. There is

insufficient capacity being released to provide all the Maximum Bid Volumes for Bids (a), (b), (c), (d) and (e). Pursuant to Section 6.10(d)(2), a pro rata allocation is attempted. This would result in each bidder receiving 100/270 of its Maximum Bid Volume. In the case of Bid (c), Bid (c) would receive 70,000 (100/270) = 25,925 Dth. Since this figure is below Bid (c)'s Minimum Bid Volume of 45,000, Bid (c) must be discarded. Bids (a), (b), (d) and (e) are able to be allocated capacity based on a 100/270 pro rata factor. With Bid (c) discarded, the pro rata allocation factor is now 100/200 (i.e., one-half) so that Bids (a), (b), (d), and (e) each receive half of their Maximum Bid Volumes. Bid (c) receives zero (0) because its Minimum Bid Volume was too high for the initial pro rata allocation.

EXAMPLE (5)

Assume:

Capacity Release Request = 100,000/day for 5 years.

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
Bid (a)	60,000/day	5 years	\$.18	60,000
Bid (b)	60,000/day	5 years	\$.18	50,000
Bid (c)	70,000/day	5 Years	\$.18	65,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 Years	\$.17	0

Winning Qualified Bids: Bid (c) receives 70,000. Bid (d) receives 30,000.

Explanation: Again, there are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Pro rata allocation won't work, because each Bid would receive 100/270 of the capacity; only Bids (d) and (e) have low enough Minimum Bid Volumes for a pro rata allocation, and the sum of Bid (d)'s and Bid (e)'s Maximum Bid Volumes is less than 100,000. Under Section 6.10(d)(iii)(1)), we then look to the combinations of Bid(s) (a), (b), (c), (d) and (e) to identify the Bid with the highest Maximum Bid Volume. This is Bid (c). We allocate the highest volume to Bid (c) consistent with creating the Winning Bid Value, so 70,000 is allocated to (c). This leaves 30,000 to be allocated. Bids(a) and (b) have the next highest Maximum Bid Volume (60,000), but the Minimum Bid Volumes of Bids (a) and (b) are each too high to receive the remaining capacity. The next highest available Maximum Bid Volume is in Bid (d), which is allocated the remaining capacity of 30,000.

EXAMPLE (6)

The assumptions remain the same as in Example (5), except that we assume that Bids (c) and (d) were never made.

Winning Qualified Bids: Bid (b) receives 60,000. Bid (e) receives 30,000. Bid (f)

receives 10,000.

Explanation: There are two combinations of Qualified Bids with the Winning Bid Value:

Combination 1	Combination 2
Bid (a): 60,000	Bid (b): 60,000
Bid (e): 30,000	Bid (e): 30,000
Bid (f): 10,000	Bid (f): 10,000

(Pro rata allocation pursuant to Section 6.10(d)(2) between Bids (a), (b) and (e) doesn't work, because only Bid (e) has a low enough Minimum Bid Volume to accept 100/150 capacity allocation and Bid (e) alone cannot create the Winning Bid Value). Under Section 6.10(d)(iii)(1), we compare Combinations 1 and 2 for the highest individual Maximum Bid Volumes, and find them all equal. Under Section 6.10(d)(iii)(2), the tie breaker goes to the Winning Bid Value combination containing the Qualified Bid having the highest Maximum Bid Volume and the lowest Minimum Bid Volume. In this case, Bid (b) has the same (highest) Maximum Bid Volume as Bid (a) but a lower Minimum Bid Volume. Therefore, Combination 2 wins.

EXAMPLE (7)

Assume:

Capacity Release Request = 100,000/day for 5 years Qualified Bids (which were all received through the Interactive Web Site):

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
Bid (a)	50,000/day	5 years	\$.18	50,000
Bid (b)	50,000/day	5 years	\$.18	50,000
Bid (c)	50,000/day	5 Years	\$.18	50,000

Winning Qualified Bids: The two Qualified Bids shown as received earliest by TransColorado's Interactive Web Site shall each receive their Maximum Bid Volume.

Explanation: Clearly, any two Bids in combination have the same Winning Bid Value. Since the Bids are completely inflexible and have equivalent Maximum Bid Volumes and equivalent Minimum Bid Volumes, only Section 6.10(d)(iii)(3) can be used to break the tie. The tie breaker looks to the Qualified Bid(s) shown as received earliest on TransColorado's Interactive Web Site.

(e) In no event shall this Section 6.10 result in winning Qualified Bids with a total volume in excess of the capacity specified in the Capacity Release

Request.

(f) The bid evaluation procedure set forth in this Section 6.10 shall only consider Qualified Bids to the extent they provide for an objectively quantifiable payment by the Qualified Bidder. A Qualified Bid based on a percentage of TransColorado's reservation charge shall be evaluated by TransColorado based solely on the maximum reservation charge being charged by TransColorado for such service as of the end of the open season.

(g) If the Releasing Shipper selected a bid evaluation procedure which is different from the procedure set forth in this Section 6.10, which procedure must comply with Section 6.5, TransColorado shall determine the winning Qualified Bid(s) pursuant to the Releasing Shipper's bid evaluation procedure in its Capacity Release Request and computer diskette (if any) submitted by the Releasing Shipper pursuant to Section 6.5(a).

6.11 Confirmations; Released Firm Transportation Agreement. At the time the award of capacity under this Section 6 is posted, TransColorado shall send the winning Qualified Bidder or the Prearranged Shipper confirmation of the capacity release awarded to such Qualified Bidder or Prearranged Shipper. Prior to TransColorado awarding capacity on a Prearranged Release, the Prearranged Shipper shall confirm electronically the terms of the Prearranged Release.

6.12 Completed Transactions. By 5:00 p.m. CCT after capacity has been awarded, TransColorado shall post on its Interactive Website the name(s) of the winning Qualified Bidder(s), identification of the winning Qualified Bid(s) and any minimum bid conditions held confidential during the open season. The Releasing Shipper is responsible for reviewing the Qualified Bids to ensure that the released capacity was correctly awarded. The Releasing Shipper shall notify TransColorado of any error in the award of capacity within one business day after such posting on the Interactive Website. In the event of an error, the capacity shall be reawarded by TransColorado. As between TransColorado and the Releasing Shipper, the Releasing Shipper shall indemnify and hold TransColorado harmless as to any costs, damages or expenses relating to the bid evaluation procedure for which timely notice of an error was not provided to TransColorado by the Releasing Shipper hereunder. TransColorado shall correct an error in a timely fashion after receiving notice of such error from the Releasing Shipper or another person.

6.13 Billing

(a) TransColorado shall bill the Replacement Shippers and the Subreplacement Shippers the rate(s) specified in the Released Firm Transportation Agreements and any other applicable charges and each such Replacement Shipper and Subreplacement Shipper shall pay the billed amounts directly to TransColorado. TransColorado shall not be responsible for billing the Replacement Shipper for any amounts attributable to gas purchase volumes tied to a transportation capacity release. Such charges shall be between the Releasing Shipper and Replacement Shipper. TransColorado will support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Federal Energy Regulatory Commission. (NAESB WGQ Standard No. 5.3.5)

(b) A Releasing Shipper shall be billed the reservation charge associated

with the entire amount of released capacity pursuant to its contract rate, which includes all non-usage based charges under TransColorado's Tariff for such released capacity including but not limited to additional direct-bill charges, with a concurrent conditional credit for payment of the reservation charge due from the Replacement or Subreplacement Shipper(s), as applicable, which received the released capacity. Releasing Shipper shall also be billed a marketing fee, if applicable. As to any capacity released by a Releasing Shipper, the Releasing Shipper shall not be billed or be responsible for: (i) usage charges; and (ii) add-on charges and surcharges applicable to TransColorado's usage rates under TransColorado's Tariff such as ACA and FL&U reimbursement, which are incurred by a Replacement Shipper or Subreplacement Shipper which received the released capacity.

(c) If a Replacement Shipper or Subreplacement Shipper does not make payment to TransColorado of the reservation portion of the charges due as set forth in its Released Firm Transportation Agreement, TransColorado shall bill the Releasing Shipper(s) from whom such Replacement or Subreplacement Shipper received the capacity for the amount(s) due, including all applicable late charges authorized by TransColorado's Tariff, and such amount shall be paid by such Releasing Shipper within ten (10) days of the receipt of such billing, or interest shall continue to accrue. In the event that the Replacement or Subreplacement Shipper has not paid such amount(s) due by the end of such ten (10) day period, then: (i) the Releasing Shipper has the right to recall the capacity; and (ii) TransColorado's rights against the delinquent Replacement/Subreplacement Shipper shall be subrogated to the related rights of the Releasing Shipper. TransColorado shall make a reasonable effort to collect from the Replacement/Subreplacement Shipper the amount(s) due. Such reasonable effort shall not include incurring costs from outside attorneys, collection agents or other third parties.

(d) All payments received from a Replacement or Subreplacement Shipper shall first be applied to reservation charges, then to late charges on reservation charges, then to late charges not on the reservation charges, and then last to usage-based charges. Payments by Replacement or Subreplacement Shippers in excess of the total amount(s) due for the Released Firm Transportation Agreement capacity shall be a credit applied to any outstanding balance owed under any contract with TransColorado, or a refund if requested in writing and no such outstanding balance exists.

6.14 Nominations/Scheduling; Recalls and Reputs.

(a) Recalling Capacity - General

Transporter supports the ability of a Releasing Shipper to specify as a condition of a Capacity Release offer which recall notification periods as set out below will be available for use by the parties to the release and whether recall notices must be provided on a Business Day. All Replacement and Subreplacement Shippers shall nominate and schedule natural gas for service hereunder directly with TransColorado in accordance with the applicable procedures set forth in Section 8 of these General Terms and Conditions. In order for any capacity recall or capacity reput to be effective for a day, a Releasing Shipper must give prior notice of such recall or reput and any allocation of the capacity for a partial recall or reput to TransColorado.

(b) Recall Nomination Timeline

Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at any of the daily nomination cycles consistent with the following (notice of allocation of capacity between the Releasing Shipper and the Replacement Shipper hereunder is intended to be provided in a manner that will permit affected parties sufficient time to place nominations or take other corrective actions and thereby avoid penalties):

i. Timely Recall Notification:

(a) A Releasing Shipper recalling capacity must provide notice of such recall to TransColorado and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;

(b) TransColorado shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;

ii. Early Evening Recall Notification:

(a) A Releasing Shipper recalling capacity must provide notice of such recall to TransColorado and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(b) TransColorado shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;

iii. Evening Recall Notification:

(a) A Releasing Shipper recalling capacity must provide notice of such recall to TransColorado and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(b) TransColorado shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;

iv. Intraday 1 Recall Notification:

(a) A Releasing Shipper recalling capacity must provide notice of such recall to TransColorado and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(b) TransColorado shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;

v. Intraday 2 Recall Notification:

- (a) A Releasing Shipper recalling capacity must provide notice of such recall to TransColorado and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
 - (b) TransColorado shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due;
- vi. Intraday 3 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to TransColorado and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
 - (b) TransColorado should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due. (NAESB WGQ Standard No. 5.3.44)
- vii. Other: For recall notifications provided to TransColorado prior to the recall notification deadlines specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., TransColorado shall provide notification to all affected Replacement Shippers no later than one (1) hour after receipt of such recall notification. For recall notifications provided to TransColorado after 5:00 p.m. and prior to 7:00 a.m., TransColorado shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard No. 5.3.45)
- (c) Methods of Notification
 - i. The Replacement Shipper is to provide TransColorado with no more than two (2) Internet e-mail addresses to be used for recall notification. The obligation of TransColorado to provide notification is waived until at least one (1) of the addresses has been provided. (NAESB WGQ Standard No. 5.3.47)

When TransColorado sends internet e-mail notification for recalling of capacity to each affected Replacement Shipper, the subject line of the e-mail shall include the following information separated by commas in the following order: (1) "Recall"; (2) the recall notification period; (3) the effected date in YYYYMMDD format; (4) the name or abbreviation of TransColorado (excluding commas); and (5) TransColorado's D-U-N-S number. The body of such e-mail notification shall contain at least the affected Replacement Shipper's contract number, the quantity of Capacity being recalled, and the offer number or award number, if necessary to uniquely identify the Capacity being recalled. Where supported by TransColorado, for recalls that are effective at non-standard times, the appropriate recall notification period shall be included in the subject line and the effective time of the recall shall be

in the body of the e-mail. Where TransColorado offers Capacity recall notification mechanisms in addition to internet e-mail, the notification shall include at least the same level of information. (NAESB WGQ Standard No. 5.3.46)

Affected Replacement Shippers must manage internal distribution of notifications of recall received from TransColorado. (NAESB WGQ Standard No. 5.3.52)

ii. In accordance with NAESB WGQ Principle 5.1.2 (Recommendation R02002), the Releasing Shipper shall provide Capacity recall notification to Transporter through Transporter's Interactive Website. The Releasing Shipper shall provide notice to its affected Replacement Shipper at the same time it provides notification to Transporter. The recall notification must specify the recall notification period for the specified effective Gas Day, as well as any other information needed to uniquely identify the capacity being recalled. The mode of notification must be mutually agreed upon between the Releasing and the Replacement Shipper.

iii. All recalled Capacity notices must indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a Capacity recall. (NAESB WGQ Standard No. 5.3.49)

(d) Quantity Allocation

In the event of an Intraday Capacity recall, TransColorado should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of TransColorado's Tariff, services, and/or operational characteristics. (NAESB WGQ Standard No. 5.3.56)

In any recall notification provided to Transporter, the quantity must be expressed in terms of the adjusted total released Capacity entitlements based upon EPC. EPC means that portion of the Capacity that would have theoretically been available for use prior to the effective time of the Intra-Day recall based upon a cumulative uniform hourly use of the Capacity.

The amount of the capacity allocated to the Replacement Shipper(s) must equal the original released Capacity less the recalled Capacity that is adjusted based upon the EPC or other TransColorado Tariff specific variations of the EPC in accordance with NAESB WGQ Standard No. 5.3.56. (NAESB WGQ Standard No. 5.3.58)

TransColorado shall not be obligated to deliver in excess of the total daily contract quantity of the release as a result of any recall. (NAESB WGQ Standard No. 5.3.57) The service flexibility available to either the Releasing Shipper or the Replacement Shipper for the subject Capacity shall not be less as a result of the recall.

(e) Disputes

In the event of a dispute between the Releasing Shipper and any other person as to the validity of any recall or reput, or the status of the holder of the capacity rights, TransColorado shall be entitled to conclusively rely on any

notice provided by the Releasing Shipper. The Original Shipper, Replacement Shipper and/or Subreplacement Shipper involved in any such dispute shall indemnify and hold TransColorado harmless from any costs, damages or expenses relating to TransColorado's reliance on such notice.

6.15 Qualification for Participation in the Capacity Release Program.

(a) Any person wishing to become a Qualified Bidder and make a Qualified Bid must satisfy the creditworthiness requirements in Section 18 of these General Terms and Conditions prior to submitting a Qualified Bid under this Section 6. A person cannot bid for services which exceed its pre-qualified level of credit-worthiness. TransColorado shall process -- and encourages -- applications from potential Qualified Bidders seeking prequalification for bids they may make in the future.

(b) Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in Section 18 of these General Terms and Conditions. Should a potential bidder fail to satisfy such credit criteria, the potential bidder may still become a Qualified Bidder by providing a prepayment, letter of credit, or other good and sufficient security satisfactory to TransColorado as further set forth in Section 18 of these General Terms and Conditions.

(c) Based on TransColorado's continuing review of a Shipper's financial records, TransColorado shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(d) TransColorado's determination of a Shipper's creditworthiness is solely for TransColorado's purposes under TransColorado's Tariff and such determination is neither a representation nor a guarantee to a Releasing Shipper or any other entity as to the ability of a Replacement or Subreplacement Shipper to pay any outstanding amount under a Released Firm Transportation Agreement.

6.16 Compliance by Shipper. By acquiring released capacity, a Shipper agrees that it will comply with all provisions of TransColorado's Tariff and all applicable Commission orders, rules and regulations. Such Shipper also agrees to be responsible to TransColorado for compliance with all applicable terms and conditions of TransColorado's Tariff, as well as the terms and conditions of the Released Firm Transportation Agreement.

6.17 Obligations of Releasing Shipper.

(a) The Releasing Shipper shall continue to be liable and responsible for all reservation charges associated with the released capacity up to the reservation charge specified in such Releasing Shipper's Agreement with TransColorado. The Releasing Shipper agrees that the award of capacity to a Replacement Shipper or Subreplacement Shipper shall automatically reduce the Releasing Shipper's firm capacity rights under the Agreement with TransColorado effective on the effective date of the release for the period of the release, except for any period that the firm capacity is recalled by the Releasing Shipper (if the successful bid so permits) until such capacity is reput to the Replacement or Subreplacement Shipper, in accordance with this Section 6.

(b) A release by a Replacement Shipper shall not relieve the Original Shipper or the Replacement Shipper of their obligations under this Section 6.

6.18 Conversions Between Monthly and Daily Reservation Rates. For less than maximum rate transactions only, converting daily rate to monthly rate is accomplished by multiplying the daily rate times number of days in rate period, dividing the result by number of months in rate period and taking the remainder out to five (5) decimal places and rounding up or down to TransColorado's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by number of months in rate period, dividing the result by number of days in rate period and taking the remainder out to five (5) decimal places and rounding up or down to TransColorado's specified decimal place.

Reserved

7.1 Reserved

7.2 RIGHT OF FIRST REFUSAL

A. Upon expiration or notice of termination from TransColorado of a firm service agreement with a term of twelve (12) consecutive months or greater at the maximum tariff rate, or multi-year seasonal maximum-rate contracts for services not offered for a full twelve (12) months, Shipper shall have a right of first refusal (ROFR) to extend service under a new service agreement. A Shipper paying a discounted rate or a negotiated rate will not have the ROFR, unless otherwise agreed to in writing by TransColorado. TransColorado and a Shipper under a firm contract may agree that Shipper shall have the right to extend the term of its existing contract pursuant to a negotiated contractual right of first refusal provision, which right shall be available whether or not a Shipper's right of first refusal under the Commission's Regulations applies and shall be exercised in accordance with Sections 7.2 B through G, below. TransColorado is not obligated to offer or agree, nor is Shipper required to agree, to any such contractual right of first refusal provision, provided, however, that to the extent TransColorado offers or agrees to any such contractual right of first refusal provision, it must do so on a nondiscriminatory basis for similarly situated Shippers and that the exercise of such contract right will not diminish or impair a Shipper's right of first refusal as set forth in the Commission's Regulations. However, Shippers with firm service at discounted rates or negotiated-rate Shippers with contracts entered into prior to March 26, 2000, with a term equal to or greater than one (1) year retain the ROFR. Any such grandfathered service agreement thereafter shall extend at the maximum rate for twelve (12) or more consecutive months of service or for a term of more than one (1) year for service not available for twelve (12) consecutive months in order to retain its ROFR beyond the extended term. The Shipper must give TransColorado written notice that it will utilize the ROFR procedure the earlier of (a) the date of the notice period provided for in Shipper's contract; or (b) 90 days prior to the expiration of the term of the contract. TransColorado shall provide written notice to the Shipper 30 days in advance of the applicable deadline. In the notice TransColorado will specify the information Shippers need to provide to exercise their right of first refusal.

- (a) A right of first refusal shall not apply to an interim agreement for entitlements associated with expansion projects as set forth in General Terms and Conditions Section 3.4.
- (b) If TransColorado conducts an open season for an expansion project, the sizing of which could be affected by a Shipper's plans regarding continuation of service under a right of first refusal, TransColorado may issue a separate notice during or after the open season that requires Shippers to elect either (1) to terminate their respective agreement(s) at the end of the primary term, (2) to extend the term of their respective agreement(s) to a term that is no less than the term established in the open season, or (3) initiate right of first refusal notice processes concurrently with the open season instead of under this General Terms and Conditions Section 7.2. Shippers will have 20 Business Days from the date of TransColorado's notice or until the end of the open season, whichever is longer, to notify TransColorado of its election. An

extension under item (2) above shall be at the maximum recourse rate.

- (c) If the agreement contains an evergreen provision, the right of first refusal provision will not apply until one party provides notice of termination or the agreement has reached the end of the evergreen period.

B. TransColorado shall post on the Informational Postings portion of the Interactive Website the terms and conditions of the available capacity under the expiring contract as follows:

- (a) CD (MDQ) stated in Dth/day.
- (b) Receipt and delivery points at which capacity is available and the firm quantities at such points.
- (c) Effective date.
- (d) Term.
- (e) Applicable rates for the service.
- (f) Minimum conditions.
- (g) The criteria by which bids are to be evaluated.
- (h) That the capacity is subject to right of first refusal.

C. Capacity will be made available on a nondiscriminatory basis and will be assigned on the basis of a bid period determined pursuant to the open season periods provided for in Section 6 of these General Terms and Conditions.

- (a) A Shipper desiring to acquire the available capacity shall place a bid with TransColorado, through the Interactive Website or in writing, during the bid period. The bid shall be binding once received by TransColorado and may not be withdrawn by the Bidding Shipper.
- (b) The Bidding Shipper's bid must include all information required in the open season posting and/or by Section 3 of these General Terms and Conditions of this Tariff.

D. TransColorado shall not be obligated to accept any bid for the capacity at less than the maximum applicable tariff rate or for a term greater than 20 years. Upon acceptance of a bid, TransColorado shall inform the existing Shipper of the terms of the bid to permit the Shipper to exercise its right of first refusal. A Shipper exercising its right of first refusal must match the highest bid. The existing Shipper shall have five days to inform TransColorado that it agrees to match the bid.

TransColorado will determine the value of bids pursuant to the net present value methodology set forth in Section 6.10 of these General Terms and Conditions. If the existing Shipper provides notification that it elects to match the value of the accepted bid, then TransColorado shall contract with the existing Shipper. If the existing Shipper does not elect to match the value of the Acquiring Shipper's bid, TransColorado will contract with the Acquiring Shipper according to the terms and conditions of the Tariff.

E. If no bids are received and the existing Shipper is willing to pay the maximum rate, the existing Shipper will be entitled to continue to receive service for whatever term it chooses. At the end of the term, the existing Shipper may again exercise its right of first refusal to retain the capacity.

F. Reserved

G. Reserved

8. NOMINATIONS/SCHEDULING OF RECEIPTS AND DELIVERIES

Nominations must be submitted to TransColorado through TransColorado's Interactive Website, or such other electronic means as are mutually agreed upon by TransColorado and Shipper. The sending party should adhere to nomination, confirmation and scheduling deadlines. The receiving party may waive any submittal deadline in this Section 8 or as outlined in the applicable NAESB standards.

8.1 Priority of Service. Shippers shall be entitled to transportation service subject to the availability of pipeline capacity on TransColorado's system in the following order of declining priority:

(a) The order for scheduling transportation services is as follows:

(i) Firm service at Primary Points and primary paths (scheduled pro rata based on maximum daily quantity);

(ii) Firm service at secondary points (scheduled pro rata based on nominations);

(1) Secondary firm service within the primary path;

(2) Secondary firm service outside the primary path;

Scheduling of receipt and delivery points will be prorated based on nominations with points within the primary path scheduled before points outside the primary path;

(iii) Interruptible service, authorized overrun service and parking and loaning service, prorated on the basis rate paid from highest to lowest (scheduled by rate, then prorated on the basis on nominations);

Where two or more Shippers are paying the same rate, available capacity will be awarded to those Shippers paying the same rate in equal amounts up to the level requested. This procedure will continue until (1) all requests are filled or (2) all available capacity is utilized;

(b) Released capacity has the same priority as non-released capacity;

(c) Firm intraday nominations are entitled to bump scheduled interruptible volumes only during the Evening, Intraday 1 and Intraday 2 Nomination Cycles, as defined in this Section 8. Firm intraday nominations are not entitled to bump already scheduled firm volumes. Interruptible service intraday nominations are not entitled to bump already scheduled interruptible service volumes.

8.2 Scheduling of Gas Receipts and Deliveries. This Section 8.2 applies to the operation of TransColorado's System and sets forth the procedures for scheduling of receipts and deliveries under Transportation Service Agreements pursuant to this Tariff. If on any day TransColorado should determine that the transportation capacity of its facilities is insufficient to transport all volumes of natural gas tendered for transportation by Shippers, TransColorado shall allocate the available transportation capacity on the basis set forth below.

(a) The quantities of gas to be transported shall be scheduled no later than the day before gas flows ("scheduling day"). The following procedure shall be utilized to schedule transportation on TransColorado's System:

Scheduling Day. Each scheduling day, Shippers shall request transportation and cause the Operators to make confirmations of supply or downstream capacity. When necessary, the capacity allocation procedure set forth in Section 8.1 of these General Terms and Conditions shall be followed. TransColorado shall communicate electronically or via facsimile to the Shippers and Operators the scheduled quantities and any additional capacity availability.

For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv) and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post (NAESB Standard 1.3.2(vi)).

Unless otherwise agreed, the following timeline shall apply for scheduling of receipts and deliveries on scheduling day (All times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard No. 0.3.17.

The Timely Nomination Cycle

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester (SR);
- 1:15 p.m. Nominations are received by TransColorado (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. TransColorado sends the quick response to the SR;
- 4:30 p.m. TransColorado receives completed confirmations from confirming parties;
- 5:00 p.m. SR and point operators receive scheduled quantities from TransColorado.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day. (NAESB Standard 1.3.2(i))

The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by TransColorado (including from TTTSPs);
- 6:30 p.m. TransColorado sends the quick response to the SR;
- 8:30 p.m. TransColorado completed confirmations from confirming parties;
- 9:00 p.m. TransColorado provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day. (NAESB Standard 1.3.2(ii))

(b) Flow Day. Shippers shall cause the Operators to tender the scheduled quantities of natural gas to TransColorado at Receipt Points, plus volumes to be retained by TransColorado for FL&U as provided for in the applicable transportation rate schedule, and TransColorado shall deliver the scheduled quantities of natural gas, for Shippers' accounts, at Delivery Points.

(c) Intraday Procedures

(i) Intraday Scheduling: Shippers may each day submit intraday scheduling requests in accordance with the applicable NAESB standards. Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. (NAESB WGQ Standard No. 1.3.11) TransColorado will schedule such requests using the allocation priorities established in Section 8.1.

Shippers may submit an intraday request for transportation of additional quantities of gas. Shippers shall cause the Operator to make corresponding confirmations of supply and downstream capacity. Such scheduling may change the prior sequencing of deliveries. TransColorado shall communicate electronically or via facsimile the final scheduling of additional quantities of gas to Shippers and Operators in compliance with the applicable NAESB standards.

In addition, Shippers may reduce previously scheduled quantities of gas. Shippers shall cause the Operator to make corresponding confirmations of reduced supply and downstream capacity. TransColorado shall communicate electronically or via facsimile the reduction of scheduled quantities to Shippers and Operators in compliance with the applicable NAESB standards.

Requests for additional capacity and requests for reductions in previously scheduled volumes must be made electronically. In the event an unexpected capacity constraint occurs, TransColorado shall interrupt or curtail capacity in accordance with the applicable provisions of Section 8.3.

Unless otherwise agreed, TransColorado shall support NAESB Standard 1.3.2 nomination cycles for scheduling of receipts and deliveries on scheduling day:

The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by TransColorado (including from TTTSPs);
- 10:30 a.m. TransColorado sends the quick response to the SR;
- 12:30 p.m. TransColorado receives completed confirmations from confirming parties;
- 1:00 p.m. TransColorado provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day. (NAESB WGQ Standard No. 1.3.2(iii))

The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by TransColorado (including from TTTSPs);
- 3:00 p.m. TransColorado sends the quick response to the SR;
- 5:00 p.m. TransColorado receives completed confirmations from confirming parties;
- 5:30 p.m. TransColorado provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day. (NAESB WGQ Standard No. 1.3.2(iv))

The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by TransColorado (including from TTTSPs);
- 7:30 p.m. TransColorado sends the quick response to the SR;
- 9:30 p.m. TransColorado receives completed confirmations from confirming parties;
- 10:00 p.m. TransColorado provides scheduled quantities to the affected SR and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle. (NAESB WGQ Standard No. 1.3.2(v))

(ii) Section 284.10(c)(1)(i)(A): In compliance with the Commission's Regulations, TransColorado will (1) give scheduling priority to an intraday nomination submitted by a firm shipper over nominated and scheduled volumes for interruptible shippers, (2) provide the interruptible shipper with advance notice of any reduction resulting from an intraday nomination, and (3) notify the bumped shipper whether penalties will apply on the day its volumes are reduced.

(iii) Bumping Notice Procedures: TransColorado will notify shippers that have been bumped during the intraday scheduling process through Scheduled Quantity documents as posted on TransColorado's Interactive Web Site, telephone or telefax.

Additionally, TransColorado will provide notification, at the shipper's option, through the following channels: via e-mail to up to two e-mail addresses provided by the shipper or via standard NAESB EDI/EDM.

(d) Operating conditions may, from time to time, cause a temporary and unintentional imbalance between the quantities of natural gas that TransColorado receives and the quantities of natural gas that Shipper takes under the executed Transportation Service Agreement. Shipper shall schedule gas attributable to imbalances when TransColorado, in its reasonable discretion and in a nondiscriminatory manner, determines that it can practicably receive or deliver such imbalance.

(e) So as to avoid measurement problems relative to small volumes and disproportionate administrative burdens, TransColorado shall not be obligated to accept for the account of Shipper from any receipt point a quantity of gas that is less than fifteen (15) dth per day.

(f) In the event of any occurrence (e.g., computer failure), which prevents TransColorado from utilizing the process set forth above for the duration of such occurrence, TransColorado shall schedule the lesser of the last new request received and confirmed or the previously scheduled quantities. Notice of the commencement and termination of any such occurrence shall be posted on DART.

(g) Shipper shall use reasonable efforts to deliver and receive gas at reasonable hourly and daily rates of flow.

(h) The rights of a releasing shipper to recall capacity within any nomination cycle shall be governed by Section 6.14 of these General Terms and Conditions.

(i) A Shipper that has been awarded firm capacity in a capacity release may submit a nomination using such capacity at the next available opportunity for nominations under this Section 8.2, which occurs on or after the time capacity is awarded, including an intraday nomination in either the Intraday 1, Intraday 2 or the Intraday 3 Nomination Cycle, and which is consistent with Section 6.9 of these General Terms and Conditions.

8.3 Interruption and Curtailment of Service. If, on flow day, an interruption of service occurs which requires a reallocation of previously scheduled capacity, interruption or curtailment of service shall be instituted in the following sequence:

- (a) all authorized overrun transportation service.
- (b) all park and loan service.
- (c) all interruptible transportation service.
- (d) all firm transportation service at primary and alternate points.

8.4 Reservation Charge Credits.

(a) TransColorado shall have the right, without liability to Shipper, to interrupt or curtail the transportation of gas for Shipper for reasons of force majeure; or when necessary, to test, alter, modify, enlarge or repair any facility or property comprising a part of, or appurtenant to, TransColorado's pipeline system, or otherwise related to the operation thereof. TransColorado shall endeavor to cause a minimum of inconvenience to Shipper because of such interruptions.

(b) As used in this Section 8.4, MDQ shall mean the quantity of gas for which reservation charges are assessed under a firm agreement on any day. Where TransColorado does not schedule its system in the Timely and Evening Nomination Cycles to meet the nominations of a firm Shipper from Primary Receipt to Primary Delivery Point(s) on a day, reservation charge credits shall be granted as set forth herein.

(c) To be eligible to receive reservation charge credits, Shippers are required to nominate at Primary Point(s) and designate, as necessary, nomination priorities as set forth in Section 8.8 to those quantities which may not be fully scheduled but could be eligible for reservation charge credits herein. When a Shipper whose nominated amount is not fully scheduled by TransColorado in the Timely Nomination Cycle and that Shipper, subject to the nominated quantity not being fully scheduled by TransColorado, nominates on another pipeline in the Timely or Evening Nomination Cycle to re-direct transportation of the supplies, it need not re-submit its nomination in the Evening Nomination Cycle to TransColorado in order to receive reservation charge credits conditioned on Shipper providing, no later than the end of the gas day on the day curtailments are effective, documentation that it has scheduled and confirmed the curtailed quantities on an alternate pipeline. Such documentation shall be in writing and consist of a representation to TransColorado of the quantities nominated, confirmed and scheduled on a third-party pipeline as a result of TransColorado's inability to provide primary firm service. However, if Shipper does not nominate such supplies on another pipeline after it is curtailed in the Timely Nomination Cycle, Shipper is required to re-submit its nomination in the Evening Nomination Cycle in order to receive reservation charge credits. If the Shipper subsequently uses more capacity on TransColorado's pipeline in the Intraday 1, Intraday 2 or Intraday 3 Nomination Cycle its reservation charge credits may be appropriately reduced.

(d) Reservation Charge Credit Quantities – Except as provided in Section 8.4(e) below, in the event TransColorado fails to schedule nominations on any day under any firm contract, then the applicable reservation charges shall be eliminated for the lesser of:

- i. the applicable MDQ; or
- ii. the quantity of gas nominated at Shipper's Primary Point(s) but not scheduled for delivery; or
- iii. the average of the daily usage by Shipper at Primary Point(s) in a 7 day period as set forth below:
 - a. Where a non-force majeure firm service curtailment is announced with TransColorado's Monthly Maintenance Schedule posting, then the 7 days immediately preceding such posting; or
 - b. Where a non-force majeure firm service curtailment is announced after the Monthly Maintenance Schedule posting but prior to the Timely Cycle deadline for the day of the firm service curtailment, then the 7 days immediately preceding the firm service curtailment; or
 - c. In the 7 days immediately preceding the announcement of the force majeure event consistent with the availability of reservation charge credits pursuant to Section 8.4(e)(iii); except that
 - d. Section 8.4(d)(iii) above shall not apply where a non-force majeure firm service curtailment is not announced before the Timely Cycle deadline for the day or where the 7 day period for measurement of Shipper usage is limited by pre-existing firm service curtailments.

(e) TransColorado shall not be obligated to adjust the reservation charge under any contract pursuant to this Section 8.4:

- i. to the extent that the Shipper uses alternate receipt or delivery point(s) instead of its Primary Receipt and Delivery Point(s); or
- ii. when TransColorado's failure to schedule nominated and confirmed quantities is solely the result of the conduct of Shipper or the upstream or downstream operator of the facilities at the Receipt or Delivery Point, respectively that is not operated or controlled by TransColorado (i.e. where TransColorado is otherwise ready and able to perform); or
- iii. when TransColorado's failure to schedule nominated quantities occurs, whichever of these dates occurs first either (a) within (but not to exceed) ten (10) days following a force majeure event as contemplated by Section 14 of these General Terms and Conditions, or (b) prior to the date TransColorado has or should have, in the exercise of due diligence, overcome the force majeure event.

(f) For outages resulting from orders issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to section 60139(c) of the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011, TransColorado may, for a two year transitional period commencing January 1, 2013, treat such outages as an event of force majeure and provide partial reservation charge crediting pursuant to the terms of Section 8.4(e)(iii). Any notice of a PHMSA required outage posted by TransColorado on its interactive website must identify the specific PHMSA order with which TransColorado is complying.

(g) Any adjustment shall be credited against transportation charges for a future Month or refunded if the Transportation Service Agreement has terminated.

8.5 Pooling. TransColorado shall provide at least one pool for purposes of facilitating the aggregation and disaggregation of gas received into its system. The process of aggregating and disaggregating gas receipts shall be deemed pooling.

8.6 Delegation. A Shipper may delegate to any third party responsibility for submitting and receiving notices or nominations or performing other administrative duties under any agreement, subject to the following conditions:

(a) Any designation of such a representative, and any change in such designation, must be in writing and must be submitted at least two (2) business days prior to the requested effective date.

(b) The written designation shall specify any limits on the authority of the representative, including any time limit on the designation; provided, however, that TransColorado may reject any such limited designation if the limitations specified in the designation would result in an undue administrative burden.

(c) TransColorado may rely on communications from Shipper's designated representative for all purposes except to the extent the designation is explicitly limited as specified in the preceding Section 8.6(b). Communications by TransColorado to such designated representative shall be deemed notice to Shipper except to the extent the representative's authority is explicitly limited with respect to the receipt of notice under the procedure set out in said Section 8.6(b).

(d) Any third party may administer multiple transportation agreements as the designated representative for one or more Shippers. However, such representative shall separately administer and account for each such Agreement.

8.7 Transfer Nominations.

(a) Whenever gas is purchased at a point (including a pooling point) on TransColorado's system by an entity that is not going to nominate that gas under a TransColorado Transportation Agreement, that entity must submit a transfer nomination to TransColorado. Additionally, a transfer nomination may be submitted for any point by a Shipper to facilitate the confirmation of nominations. Because such transfer nominations are included in the process of confirming nominated quantities at the subject point, such transfer nominations must be submitted to TransColorado through its Interactive Website or EDI by the deadlines applicable to Shipper nominations and identify the quantities (in Dth) and the entities from whom the gas is being bought or transferred and the entities to whom the gas is being sold or transferred.

(b) A third party may provide title tracking services on TransColorado's system as follows:

(1) The entity seeking to provide such a service (Third Party Account Administrator) shall so notify TransColorado in writing, in which event TransColorado shall establish an identification number for nominations involving the Third Party Account Administrator;

(2) Transfer nominations consistent with this section must be made by the Shipper tendering gas for delivery to the Third Party Account Administrator, where subsequent title to such gas is to be tracked by the Third Party Account Administrator; and

(3) The Third Party Account Administrator shall maintain records of any title transfers after delivery of gas to it and shall submit a nomination consistent with this section for delivery of gas to the last party in the chain of title, which party shall also submit a nomination for receipt of the gas, consistent with this section.

8.8 Nomination Priorities. As part of the nomination and transfer nomination process, if there is more than one supply source nominated to be delivered to a single delivery point or buyer, the nomination or transfer nomination should identify how and which supply sources should be cut in the event all nominated deliveries are not or cannot be made. Similarly, the nomination or transfer nomination should identify which delivery should be cut in the event gas is not or cannot be received as nominated (i.e., ranking). Ranking should be included in the list of data elements. Transportation service providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules.

9. USE OF RECEIPT AND DELIVERY POINTS

9.1 Designation of primary receipt and delivery points. Shipper's primary receipt points must be assigned by the Shipper to corresponding delivery points, subject to available capacity. The total capacity assigned to Shipper's receipt points must equal the total capacity assigned to the corresponding delivery point(s). The capacity must equal the CD shown in Shipper's firm Transportation Service Agreement. FL&U reimbursement is required in addition to these volumes in accordance with the provisions of the applicable rate schedule.

9.2 Adding and deleting points or changing capacity at primary receipt and delivery points. A firm Shipper may add and delete primary receipt and delivery points and increase or decrease its total capacity at primary receipt and delivery points subject to available capacity by amending its Transportation Service Agreement. If TransColorado and Shipper mutually agree, a firm Shipper may change primary receipt or delivery points by returning to TransColorado an equivalent amount of capacity at one or more existing receipt or delivery points.

9.3 Flexible use of alternate receipt and delivery points. A firm Shipper, or any Acquiring Shipper, may flex to or use any receipt or delivery point at which capacity is available on an alternate basis. However, an Acquiring Shipper may not add or delete primary receipt and delivery points or change Shipper's total capacity at primary receipt and delivery points unless the terms of Shipper's release allow for such.

9.4 Priority at alternate receipt and delivery points. A Shipper's priority at alternate points shall be determined according to Section 8 of these General Terms and Conditions.

9.5 Nominations to and rights of firm and Acquiring Shippers at alternate points. A firm or Acquiring Shipper must follow TransColorado's nomination procedures to flex to alternate receipt and delivery points. A firm or Acquiring Shipper's right to service at alternate receipt and delivery points shall be subordinate to the primary rights of other firm Shippers at those points, but as provided by Section 8, will have priority over interruptible transportation and authorized overrun service.

9.6 Availability of receipt and delivery point information. Shippers may obtain information through the Informational Postings portion of TransColorado's Interactive Website regarding its ability to provide transportation service at the receipt and delivery points desired by the Shipper.

9.7 Discounted Transportation Rates. Previously discounted firm transportation rates for primary receipt and delivery points will not apply to service at alternate points. Unless otherwise agreed to in writing by TransColorado, Shipper shall pay the maximum applicable reservation and usage charges for service nominated at the alternate points. In addition, if primary receipt and delivery points are changed, the maximum applicable reservation and usage charges shall apply at the new receipt or delivery point, unless TransColorado otherwise agrees in writing.

10. MEASUREMENT

10.1 Unit of Measurement and Metering Base. The volumetric measurement base shall be one cubic foot of gas at a pressure base of 14.73 psia, at a temperature base of 60 degrees Fahrenheit, without adjustment for water vapor.

10.2 Atmospheric Pressure. For the purpose of measurement, the atmospheric pressure shall be the barometric pressure calculated for the elevation at the point of measurement.

10.3 Temperature. The temperature of the gas shall be determined at the points of measurement by means of a properly installed recording thermometer or continuous electronic transducer input to a computer that conforms to A.P.I. Standard 21.1 installed in accordance with the recommendations contained in ANSI/API 2530 (Orifice Metering of Natural Gas), as amended from time to time. The arithmetic average of temperatures for each day shall be used in computing temperatures of the gas during such day for conventional chart measurement. When electronic computer measurement is used, average daily temperature will be computed as a running average of data determined by computer scan.

10.4 Determination of Gross Heating Value and Specific Gravity. Where TransColorado elects to install electronic computer measurement equipment and field chromatographs, the determination of gross heating value and specific gravity shall be made from the composition by calculation using physical gas constants for gas compounds as outlined in GPA Standard 2145 (Table of Physical Constants of Paraffin Hydrocarbons and Other Components of Natural Gas) with any subsequent amendments or revisions that TransColorado may adopt.

Where TransColorado elects to install conventional chart measurement, the arithmetic average of the hourly heating value and specific gravity recorded during periods of flow each day by a recording calorimeter and gravitometer or recording chromatograph, if installed, shall be considered as the gross heating value and specific gravity of the gas delivered during each day. If a continuous gas sampling device is used, determinations shall be made not less than once every month. Such determinations shall be considered as the gross heating value and specific gravity of all gas delivered during the applicable sampling period.

Gross heating values and specific gravities determined from spot samples will be used in calculating gas delivered for the day on which the test is made and all following days until the next test is made.

10.5 Supercompressibility. All orifice meter volumes shall be corrected for deviations from the ideal gas laws in accordance with the applicable American Gas Association reports. Where displacement meters are used, the square of the orifice meter supercompressibility factor shall be applied.

10.6 Measuring Equipment. Unless otherwise agreed upon, TransColorado will install, maintain and operate or cause to be installed, maintained and operated measuring stations equipped with flow meters and other necessary metering and measuring equipment by which volumes of gas received and equivalent volumes delivered shall be determined. Operator may install check measuring equipment at its own cost and expense; provided such equipment shall be installed in a manner not to interfere with the operations of TransColorado.

TransColorado and Operator, in the presence of each other, shall have access to the

other's measuring equipment at all reasonable times but the reading, calibrating and adjusting electronic computer components and/or mechanical recording instruments and the changing of charts shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon.

Both TransColorado and Operator shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either TransColorado or Shipper to witness such an operation shall not affect the validity of such operation in any way.

The records from such measuring equipment shall remain the property of the party owning the equipment, but within 10 days of a request, each will submit to the other for inspection its records and charts, together with related calculations. All records and charts shall be returned within 30 days after receipt.

The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided in these General Terms and Conditions, shall not be used in the measurement of gas.

10.7 Orifice Meters. All orifice meters shall be installed and gas volumes computed in accordance with the standards prescribed in ANSI/API 2530 (Orifice Metering of Natural Gas), which incorporates Gas Measurement Committee Report #3 of the American Gas Association, September 1992, revised and reprinted, and any subsequent amendments TransColorado may adopt.

10.8 Non-Interference. In order to avoid interference with the operation of the primary measurement facilities, custody transfer meter run taps will not be shared or used for other than custody transfer by the operating company.

10.9 Square Root Error. Pulsation filters or other remedial equipment may be required by TransColorado or the Operator upon the occurrence of unacceptable square root error ("SRE") or gauge line error. Unacceptable SRE is defined to be equal to or greater than 0.5% SRE.

In the event of a disagreement between TransColorado and the Operator on the source and degree of error, Southwest Research Institute, or a mutually agreeable replacement, will be requested to determine the source and degree of error. The party deemed responsible for the pulsation source will incur all costs for the consultation, along with the installation and remedial devices or filtering equipment as necessary.

10.10 Electronic Flow Computers. TransColorado may install electronic flow computers to permit the direct computation of gas flows without the use of charts.

10.11 New Measurement Techniques. If, at any time, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted by TransColorado. TransColorado shall promptly inform all shippers of any new techniques adopted.

10.12 Calibration and Test of Meters. The accuracy of all measuring equipment shall be verified by TransColorado at reasonable intervals, and if requested, in the presence of a representative of Shipper, but neither Shipper nor TransColorado shall be required to verify the accuracy of such equipment more frequently than once in a 30-day period. If either party at any time desires a special test of any measuring

equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. Shipper shall bear the costs of any special test requested by Shipper unless the measuring equipment is found to be inaccurate by 2% or more.

10.13 Correction of Metering Errors. If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted immediately to measure accurately. If, upon any test, the measuring equipment in the aggregate is found to be inaccurate by two percent (2%) or more at a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, any payments based upon inaccurate measurement shall be corrected pursuant to Section 13 of these General Terms and Conditions at the rate of such inaccuracy for any period that is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one half of the time elapsed since the date of the last test.

10.14 Failure of Measuring Equipment. In the event any measuring equipment is out of service or is found registering inaccurately and the error is not determinable by test, or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods that is feasible:

- (a) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or, in the absence of (a);
- (b) By using the registration of any check meter or meters, if installed and accurately registering, or, in the absence of (a) and (b); and
- (c) By estimating the quantity of gas received or delivered based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

10.15 Preservation of Records. Operator and TransColorado shall preserve for a period of at least three years, or for such longer period as may be required by appropriate authority, test data, charts or other similar records.

10.16 Pressure Requirements.

- (a) Operator shall deliver gas to TransColorado at the receipt points at a pressure sufficient to allow the gas to enter TransColorado's pipeline as such pressure shall vary from time to time. TransColorado shall not be required to compress natural gas into its pipeline. Shipper shall provide equipment at each receipt point that is acceptable to TransColorado to prevent overpressuring TransColorado's pipeline.
- (b) TransColorado shall deliver gas at each delivery point at the pressure that is available from time to time in TransColorado's pipeline after required measurement, flow control or regulation. However, TransColorado and Shipper may mutually agree to a specific delivery pressure or range of delivery pressures for a stated period at any delivery point or points on a non-discriminatory basis. If TransColorado and Shipper agree to a specific delivery pressure or range of delivery pressures for a stated period, such delivery pressure(s) will be specified in TransColorado's applicable Form of Transportation Service Agreement in the blank spaces provided. TransColorado will not enter into agreements containing a specific delivery

pressure or a range of delivery pressures at delivery point(s) if such specific delivery pressure or range of delivery pressures will a) threaten the safe operations or system integrity of TransColorado's pipeline system or b) adversely impact TransColorado's ability to meet its firm service obligations to an existing Shipper.

11. QUALITY OF GAS

All natural gas received by TransColorado shall conform to the following specifications and must be, in TransColorado's reasonable judgment, otherwise merchantable.

11.1 Heat Content. The gas shall have a heating value of not less than 967 Btu per cubic foot.

11.2 Liquids. The gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the gas is delivered. The gas shall in no event contain water vapor in excess of seven (7) pounds per million standard cubic feet.

11.3 Hydrocarbon Dew Point. The hydrocarbon dew point of the gas delivered shall not exceed twenty degrees Fahrenheit (20°F) at a pressure of 600 psig.

11.4 Total Sulfur. The gas shall not contain more than three-quarters (0.75) grain of total sulfur per one hundred (100) standard cubic feet, which includes hydrogen sulfide, carbonyl sulfide, carbon disulfide, mercaptans, and mono-, di- and poly-sulfides. The gas shall also meet the following individual specifications for hydrogen sulfide, mercaptan sulfur or organic sulfur:

(a) Hydrogen Sulfide. The gas shall not contain more than one-quarter (0.25) grain of hydrogen sulfide per one hundred (100) standard cubic feet.

(b) Mercaptan Sulfur. The mercaptan sulfur content shall not exceed more than three-tenths (0.3) grain per one hundred (100) standard cubic feet.

(c) Organic Sulfur. The organic sulfur content shall not exceed five-tenths (0.5) grain per one hundred (100) standard cubic feet, which includes mercaptans, mono-, di- and poly-sulfides, but it does not include hydrogen sulfide, carbonyl sulfide or carbon disulfide.

11.5 Oxygen. The oxygen content shall not exceed two-tenths of one percent (0.2%) by volume and every reasonable effort shall be made to keep the gas delivered free of oxygen.

11.6 Dust, Gums and Solid Matter. The gas shall be commercially free from solid matter, dust, gums, and gum forming constituents, or any other substance which interferes with the intended purpose or merchantability of the gas, or causes interference with the proper and safe operation of the lines, meters, regulators, or other appliances through which it may flow.

11.7 Temperature. The gas shall be delivered at temperatures not in excess of one hundred five degrees Fahrenheit (105°F) nor less than fifty degrees Fahrenheit (50°F) except where, due to normal operating conditions and ambient temperatures on the pipeline System, the temperature may periodically drop below such lower limit.

11.8 Deleterious Substances. The gas shall not contain any toxic or hazardous substance in concentrations which, in the normal use of the gas, may be hazardous to health, injurious to pipeline facilities or be a limit to merchantability.

11.9 Inert Substances. The gas shall not contain inert substances (carbon dioxide, nitrogen, helium, oxygen, and any other diluent compound) of more than three percent by volume of which not more than two percent shall be CO₂; provided that TransColorado may post on its Interactive Website that it will from time to time

accept gas from Paradox Basin receipt points which contains inert substances of up to five percent by volume, of which not more than two percent shall be CO₂.

11.10 Operators Failure to Meet Specifications. If, at any time, gas tendered by Shipper for transportation shall fail to substantially conform to any of the applicable quality specifications set forth in this Section and TransColorado notifies Shipper of such deficiency and Shipper fails to remedy any such deficiency within a reasonable period of time (immediately in those situations which threaten the integrity of TransColorado's system), TransColorado may, at its option, refuse to accept delivery pending correction of the deficiency by Shipper or continue to accept delivery and make such changes necessary to cause the gas to conform to such specifications, in which event Shipper shall reimburse TransColorado for all reasonable expenses incurred by TransColorado in effecting such changes, including operational and gas costs associated with purging and/or venting the pipeline. Failure by Shipper to tender quantities that conform to any of the applicable quality specifications shall not be construed to eliminate, or limit in any manner, the obligations of Shipper existing under any other provisions of the executed Transportation Service Agreement. In the event natural gas is delivered into TransColorado's system that would cause the natural gas in a portion of TransColorado's pipeline to become unmerchantable, then TransColorado is permitted to act expediently to make the gas merchantable again by any and all reasonable methods, including, without limitation, to venting the pipeline of whatever quantity of natural gas necessary to achieve a merchantable stream of gas. Shipper shall reimburse TransColorado for all reasonable expenses incurred by TransColorado to obtain merchantable natural gas again, including operational and gas costs associated with venting the pipeline. In such cases, TransColorado shall promptly notify Shipper of the non-conforming supply and any steps taken to protect the merchantability of the gas.

11.11 Quality of TransColorado's Deliveries. TransColorado shall deliver to Shipper or for Shipper's account gas that is of merchantable quality.

11.12 Commingling. Gas received from Shipper will be commingled with the gas of other Shippers in the System. Accordingly, the gas of Shipper shall be subject to such changes in gross heating value per cubic foot and other specifications as may result from such commingling.

12. BALANCING OF GAS

12.1 General Provision. Shipper shall monitor and control its receipts and deliveries of gas and, if necessary, make appropriate adjustments in order to maintain a thermal balance of receipts and deliveries. TransColorado shall not be obligated to receive or deliver gas that differs from the confirmed nomination between Shipper and TransColorado.

TransColorado shall monitor, to the extent of its ability, receipts and deliveries of gas as compared to quantities nominated by Shipper, and, based upon available information, advise Shipper of any imbalances. Upon notification, Shipper shall be obligated to adjust its receipts and deliveries to correct or avoid any imbalance between nominations and actual receipt or delivery. Any adjustment to receipts and deliveries by Shipper, whether or not pursuant to notification from TransColorado, shall be coordinated with TransColorado's gas representatives and in accordance with the TransColorado's scheduling procedures.

12.2 Balancing Upon Termination. In the event the quantities of gas received and delivered are not in balance at the end of the term of the service agreement, then such balance shall be achieved at the earliest practicable date, not to exceed 45 days after the imbalance is determined by extending receipts or deliveries, as applicable, at the appropriate point(s) of receipt or point(s) of delivery, until such balance is achieved, or by such other method as is then mutually agreed upon by TransColorado and Shipper.

12.3 Maintenance of System Integrity. Nothing in this section limits TransColorado's right to take action that may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system, including maintenance of service to higher-priority customers.

12.4 Imbalances with the Other Parties. TransColorado shall not be responsible for eliminating any imbalances between Shipper and any third party. Furthermore, TransColorado shall not be obligated to adjust or deviate from its standard operating and accounting procedures in order to alleviate any such imbalances.

12.5 Netting and Trading

(a) Imbalances under a Shipper's different Agreements will be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.

(b) To assist Shippers in arranging offsets, TransColorado will post on its Interactive Website the total Monthly Imbalance of any Shipper which has notified TransColorado that it has elected to have such information posted. Notification by the Shipper may be in writing or on TransColorado's Interactive Website and shall be effective by 8:00 a.m. on the next Business Day if the notification is received by 11:45 a.m. on a Business Day. Imbalance information authorized for posting through such notification shall be posted no later than the ninth Business Day of the month after the imbalance occurred. Shippers shall have the ability to post and trade imbalances, and imbalance information shall remain posted, until the seventeenth Business Day of the month after the imbalance occurred.

(c) TransColorado shall enable the imbalance trading process by:

- (1) Receiving the Request for Imbalance Trade.
 - (2) Receiving the Imbalance Trade Confirmation.
 - (3) Sending the Imbalance Trade Notification and
 - (4) Reflecting the trade prior to or on the next monthly Shipper Imbalance or cashout.
- (d) Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by TransColorado.
- (e) After receipt of an Imbalance Trade Confirmation, TransColorado shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than noon the next Business Day.
- (f) Shipper imbalances remaining after the imbalance netting and trading procedures set out in subsections (a)-(e) shall be cashed out as described in Section 12.6 of these General Terms and Conditions.

12.6 Cashout Procedures

- (a) Any imbalance remaining will be cashed out on a tiered basis, pursuant to the following schedule. In determining the cashout tier applicable, TransColorado will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes, whichever results in a lower cashout tier.

Imbalance Level	Overage (TransColorado pays Shipper)	Underage (Shipper pays TransColorado)
0% to 5%	100% X MIP*	100% X MIP
Greater than 5% to 10%	90% X MIP	110% X MIP
Greater than 10% to 15%	80% X MIP	120% X MIP
Greater than 15% to 20%	70% X MIP	130% X MIP
Greater than 20%	60% X MIP	140% X MIP

*Monthly Index Price

- (b) Following any offsetting with other Shippers, a Shipper's remaining imbalance will be cashed out based on the percentage of that imbalance compared to the total receipts for that Shipper during the month. For example, if the total receipts were 1,000 Dth and the remaining underage imbalance after offsetting with other Shippers was 100 Dth, the total imbalance level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the MIP and the remaining 50 Dth would be cashed out at 110% of

the MIP.

(c) The Monthly Index Price (MIP) is based on prices as reported by Intelligence Press, Inc. in the publication "Natural Gas Intelligence." TransColorado shall use either the highest weekly average price or the lowest weekly average price determined for each month as the MIP for all monthly imbalances subject to cashout hereunder as described below.

(i) For gas owed TransColorado, the MIP shall be the highest weekly average price for the El Paso non-Bondad index and will be applicable to the negative imbalance for the month in which the imbalance occurred.

(ii) For gas owed the Shipper, the MIP shall be the lowest weekly average price for the White River Hub index and will apply to the positive imbalance for the month in which the imbalance occurred.

(d) Following the ten-day period for offsetting imbalances, Shippers with remaining imbalances shall pay TransColorado or will be credited with the appropriate cashout amounts, unless otherwise agreed to in writing by TransColorado.

(e) In the event "Natural Gas Intelligence" becomes unavailable, TransColorado shall request authorization from the Commission to substitute another publication and, upon approval, shall substitute information posted in the approved publication for similar indices. The Monthly Index Price shall be reported on TransColorado's Interactive Website no later than 5:00 p.m. CCT on the tenth business Day of the Month following the production Month.

12.7 Assessment of Imbalances. TransColorado will not assess imbalances if (a) Shipper's action is excused by force majeure, (b) TransColorado has invoked force majeure, (c) imbalances are caused by TransColorado or result from TransColorado's error or (d) TransColorado has previously imposed and Shipper has previously paid imbalance charges on the quantities of gas comprising the imbalance amount.

In determining imbalances, TransColorado shall take into consideration (a) quantities retained for FL&U and (b) additional quantities transported pursuant to any agreed-upon action. TransColorado and Shipper may mutually agree to offset excess or deficient quantities delivered under other Transportation Service Agreements between TransColorado and Shipper.

All cashout charges shall be invoiced according to Section 13 to these General Terms and Conditions.

12.8 Unauthorized Overrun

(a) TransColorado shall levy a charge to any Operator that exceeds the limits specified below. Such charge is applicable in times of capacity constraints, or when Operators act in a manner that materially threatens the integrity of TransColorado's System (e.g. under-performance or over-performance that causes significant pressure declines or buildups).

(b) On any day TransColorado determines that it is unable to receive or deliver the total volume of gas scheduled on its System or a portion of its

System, it shall have the right to notify all Operators of a Critical System Alert. Contemporaneously with, or shortly following such notice, TransColorado shall give notice to any Operator that would be subject to an Unauthorized Overrun Charge as provided below.

(c) The quantity of gas subject to such charge is the quantity of gas that varies from the amount scheduled at that receipt or delivery point on such days.

(d) Upon receipt of a notification from TransColorado, the Operator shall, within four hours, reduce takes to a level no more than 5% above the scheduled volume for such day or 50 Dth, whichever is larger. If after the four hour notice period:

(i) the Operator continues to over-perform by amounts that exceed the foregoing threshold, TransColorado is permitted to reduce the flow into or out of its System by partially or fully closing the valves at the applicable receipt or delivery points.

(ii) the Operator continues to under-perform by failing to deliver or take the quantities it confirmed for that flow day, an Unauthorized Overrun Charge shall be levied by TransColorado to the Operator in the amount shown on the Statement of Rates for those volumes exceeding 5%.

(e) TransColorado shall notify Operators each day during a Critical System Alert via the Informational Postings portion of its Interactive Website that the situation continues to exist.

12.9 Fuel and L&U

(a) The Fuel and L&U Reimbursement Percentages shall be stated separately on the Statement of Rates as a Fuel Reimbursement Percentage and an L&U Reimbursement Percentage, but may be referred to collectively as FL&U Reimbursement Percentages. Such percentages shall be furnished in-kind by Shippers at each receipt point on a pro rata basis based on the quantity received.

(b) The FL&U Reimbursement Percentages shall be recomputed quarterly and shall apply to those rate schedules requiring the assessment of Fuel and/or L&U.

(i) The initial FL&U filing to set forth separate Fuel and L&U Reimbursement Percentages shall be proposed with an effective date of January 1, 2018 ("Initial FL&U Filing"). The data collection period for this initial filing is January 1, 2018 through September 30, 2018. The Initial FL&U Filing shall include in the calculation of the FL&U Reimbursement Percentages any over or under collected amounts of Fuel as defined by TransColorado's Tariff prior to the Initial FL&U Filing from the previous fuel and lost and unaccounted for gas reimbursement mechanism.

(ii) After the initial FL&U Filing, TransColorado shall file FL&U Reimbursement Percentages to be effective no later than three Months

following the effective date of the immediately prior FL&U filing. The data collection period for such filing shall be the three-Month period ending two calendar months before the filing date of such FL&U Filing. The filed FL&U Reimbursement Percentages shall become effective on the date proposed subject to the review and notice deemed appropriate by FERC.

(c) Derivation of Fuel and L&U Reimbursement Percentages. The Fuel Reimbursement Percentage and the L&U Reimbursement Percentage shall be derived separately. The Fuel Reimbursement Percentage shall equal the sum of the Fuel Current Reimbursement Component and the Fuel Adjustment Reimbursement Component subject to the adjustment described in this Section 12.9(c). The L&U Reimbursement Percentage shall equal the sum of the L&U Current Reimbursement Component and the L&U Adjustment Reimbursement Component subject to the adjustment described in this Section 12.9(c). Neither the Fuel Reimbursement Percentage nor the L&U Reimbursement Percentage shall be less than zero. If after the calculations described in Sections 12.9(c)(i) through (iv), the calculation of the Fuel Reimbursement Percentage or the L&U Reimbursement Percentage results in either percentage being less than zero, such percentage shall be adjusted to zero and the quantities that would have reduced the calculation of the Fuel Reimbursement Percentage and/or the L&U Reimbursement Percentage below zero shall be deferred and applied to the calculation of the Fuel Adjustment Reimbursement Component or the L&U Adjustment Reimbursement Component, as applicable and described below, in a future period. These individual components shall be calculated as follows:

(i) The Fuel Current Reimbursement Component shall be the projected Fuel Requirement divided by the projected receipt quantities related to the anticipated transportation service for all transactions subject to Fuel for the period the percentage will be in effect.

(ii) The Fuel Adjustment Reimbursement Component shall be calculated by first determining the quantity of gas which is the difference between: (1) the actual quantities of Fuel experienced by TransColorado during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing; and (2) the quantities of Fuel retained by Transporter during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing, and any previously deferred Fuel quantities. The difference of these quantities shall then be divided by the projected receipt quantities related to the anticipated transportation service for all transactions subject to Fuel for the period the percentage will be in effect.

(iii) The L&U Current Reimbursement Component shall be the projected L&U Requirement divided by the total receipt quantities for the period the percentages will be in effect.

(iv) The L&U Adjustment Reimbursement Component shall be calculated by first determining the quantity of gas which is the difference between: (1) the actual quantities of L&U experienced by TransColorado during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing; and (2) the quantities of L&U retained by Transporter during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing, and any previously deferred L&U quantities. Determination of the actual quantities of L&U experienced during this period shall include an adjustment to recognize the effect of changes in system linepack, if any. The difference of these quantities shall then be divided by the projected total receipt quantities for the period the percentage will be in effect.

(d) Fuel will not be assessed when the entire transportation service is provided using one of the no-fuel routes identified below. However, Shippers using these routes will be subject to TransColorado's applicable L&U Reimbursement Percentage.

- (i) Greasewood Hub
 - a. A point located at Greasewood ("Greasewood Point") to another Greasewood Point. Greasewood Points include Point Identification Numbers ("PIN") 36100, 36101, and 40237.
 - b. Greasewood Point to Dark Canyon (PIN 41781)
 - c. Dark Canyon to Greasewood Point
 - d. Yellow Jacket Pass (PIN 42223) to Greasewood Point
 - e. Yellow Jacket Pass to Dark Canyon
- (ii) Meeker Hub
 - a. Ryan Gulch (PIN 43886) to Love Ranch (PIN 42235)
 - b. Ryan Gulch to Horse Draw (PIN 45314)
 - c. Love Ranch to Ryan Gulch
 - d. Love Ranch to Horse Draw
 - e. Horse Draw to Love Ranch
 - f. Horse Draw to Ryan Gulch
- (iii) Greasewood Hub to Meeker Hub
 - a. Greasewood to Love Ranch
 - b. Greasewood to Horse Draw
 - c. Greasewood to Ryan Gulch
 - d. Dark Canyon to Love Ranch
 - e. Dark Canyon to Horse Draw
 - f. Dark Canyon to Ryan Gulch
 - g. Yellow Jacket Pass to Love Ranch
 - h. Yellow Jacket Pass to Horse Draw
 - i. Yellow Jacket Pass to Ryan Gulch
- (iv) Blanco Hub
 - a. Transwestern Pipeline Company ("TW") Blanco (PIN 36106) to El Paso Natural Gas Company ("El Paso") Blanco (PIN 36105)
 - b. TW Blanco to Hare Canyon (PIN 40379)

- c. Hare Canyon to El Paso Blanco
- d. Hare Canyon to TW Blanco
- (v) Coyote Gulch (PIN 36103) to a point located at Blanco (i.e., TW Blanco, El Paso Blanco, or Hare Canyon)
- (e) FL&U calculations shall be accomplished pursuant to NASEB WGQ standards, as follows:
 - (i) When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process should be rounded to the nearest dekatherm, gigajoule, or gigacalorie, as applicable per NAESB WGQ Standard No. 1.3.14. The mathematical effect of rounding can yield a result of zero. (NAESB WGQ Standard 1.3.15)
 - (ii) Where fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, should be $(1 - \text{fuel \%}/100)$ multiplied by receipt quantity = delivery quantity. (NAESB WGQ Standard 1.3.16)
 - (iii) For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. (NAESB WGQ Standard 1.3.29)
 - (iv) The transportation priority for fuel should be the same as the level of service as the transaction to which it applies. (NAESB WGQ Standard 1.3.31)
 - (v) For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of the month. (NAESB WGQ Standard 1.3.28)
- (f) If, pursuant to Section 23.11 of the General Terms and Conditions, TransColorado negotiates FL&U Reimbursement Percentages different than the maximum level, TransColorado will credit the full recourse rate FL&U Reimbursement amounts to the appropriate FL&U Reimbursement accounts.

12.10 Credit of Cashout Revenues. Any cashout revenues that exceed gas purchase and applicable costs will be credited to firm, interruptible and negotiated-rate Shippers. The credits shall be calculated by dividing the actual reservation and commodity revenues for each Shipper by the total reservation and commodity revenues during the reporting period and multiplying the result by the excess cashout revenues. The reservation and commodity revenues used to calculate the refund allocation factor shall be net of all applicable surcharges, including, but not limited to, ACA and GRI surcharges. The reporting period shall be the annual period of January through December. If gas purchase and applicable costs exceed revenues, the costs exceeding revenues will be rolled into subsequent annual costs, as an offset to revenues, until eliminated.

12.11 Third Party Imbalance Management. TransColorado will allow Shippers to obtain imbalance-management service from a third-party provider (TPP) subject to the following:

- A. All transactions involving the physical payback of gas or trading of imbalances on TransColorado's system must comply with the terms and conditions of TransColorado's tariff.
- B. The trading or curing of imbalances may only involve procedures that are provided for in TransColorado's tariff.
- C. Shippers will not be permitted to trade imbalances in any manner that will increase a Shipper's imbalance on TransColorado's system.
- D. Trading of imbalances may only be between imbalances on TransColorado's system.
- E. When a Shipper desires to physically repay or take deliveries of gas, either the Shipper or the TPP must have the necessary transportation receipt and delivery point capacity to allow for the delivery of the gas.
- F. Neither the Shipper nor the TPP may transport or trade gas to which they do not hold title.
- G. Shipper shall remain primarily liable for its imbalances under the provisions of this Section 12.
- H. The TPP will not be permitted to act as a Shipper's agent until TransColorado has received written notice from Shipper. The Shipper agrees to be bound by all transactions conducted by the TPP in the Shipper's name.

12.12 Refund of Penalty Revenues

All Operational Flow Order penalties, unauthorized overrun penalties, cash-out penalties, parking and loaning penalties and imbalance penalty revenues that exceed gas purchase and incremental administrative costs, will be credited to all non-offending firm, interruptible and negotiated-rate Shippers as set out in Section 12.10 above.

13. BILLING AND PAYMENT

13.1 On or before the ninth business day of each month, TransColorado shall furnish to Shipper a monthly statement of the transportation charge in effect and of the total payment due for the transportation of gas during the preceding month (including any other applicable charges). TransColorado shall provide a schedule showing quantities of gas and heat content received and delivered, including equivalent quantities, Fuel, L&U and any imbalance under Section 12. TransColorado may furnish an estimated statement and make appropriate adjustments in the statement rendered for the next succeeding Month.

13.2 When information necessary for billing purposes is in the control of Shipper or the Operator, it shall be furnished to TransColorado on or before the fifth business day of the Month with respect to deliveries of gas during the previous Month.

13.3 Shipper and TransColorado shall have the right to examine, at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of the statement, charge, or computation made under or pursuant to any of the provisions.

13.4 Payment to TransColorado shall be due at its general office, or at such other address as TransColorado shall designate, within ten days from the date the bill was issued by TransColorado. If the 10th day falls on a weekend or holiday, then the due date shall be extended to the first business day thereafter. Shipper shall submit supporting documentation and TransColorado will apply payment per supporting documentation provided by Shipper. If payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two business days of the payment due date.

13.5 Should Shipper fail to pay all of the amount of any bill when such amount is due, TransColorado shall collect interest on the unpaid portion of the bill in the manner and at the rate prescribed by 18 C.F.R. Section 154.501(d). In the event interest accrues to an amount less than \$10, TransColorado will not invoice the interest amount and such amount shall not be reflected on Shipper's account. If Shipper's failure to pay continues for 30 days after payment is due, TransColorado, in addition to any other remedy it may have, after giving Shipper 15 days written notice, may suspend further receipt and/or delivery of gas for Shipper until such amount is paid. If Shipper in good faith shall dispute the amount of any such bill, Shipper shall nevertheless pay to TransColorado the amount of such bill and, at any time thereafter within 30 days of a demand made by Shipper, TransColorado shall furnish a good and sufficient surety bond guaranteeing refund to Shipper upon such bills after a final determination by agreement, by determination of regulatory agencies having jurisdiction, or by judgment of the courts, as may be the case. Payment of the disputed portion shall not be deemed a waiver of the right to contest such disputed portion in any forum having jurisdiction. Alternatively, shipper may, if invoice is in dispute, pay portion not in dispute and provide documentation identifying basis for dispute. (NAESB WGQ Standard No. 3.3.19)

13.6 If it is determined that Shipper has been overcharged, and Shipper has paid the statement containing the overcharge then, within 30 days after the final determination, TransColorado shall refund the amount overcharged. If it is determined that Shipper has been undercharged, Shipper shall pay the amount undercharged with appropriate interest within 30 days of notice by TransColorado of the amount. Prior period adjustment time limits should be six Months from the date of the initial transportation invoice with a three month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. (NAESB WGQ Standard No. 3.3.15)

14. FORCE MAJEURE

14.1 A force majeure event includes without limitation by this recital: acts of God, including fires, explosions, earthquakes or volcanic eruptions, storms, floods, washouts and extreme cold or freezing weather; necessity for compliance with any court order, law, regulation or ordinance promulgated by any governmental authority having jurisdiction, either federal, Indian, state or local, civil or military; acts of a public enemy; wars and civil disturbances; strikes, lockouts or other industrial disturbances; shutdowns for purposes of necessary repairs, relocations, or construction of facilities, breakage or accident to machinery or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary for safe operation by the testing party); inability to obtain necessary materials, supplies, permits, or labor to perform or comply with any obligation or condition of this Tariff; inability to obtain rights of way; and any other causes that are not reasonably in the control of the party claiming suspension. An event associated with compliance with any court order, law, regulation or ordinance promulgated by any governmental authority having jurisdiction, either federal, Indian, state or local, civil or military and/or the necessity for testing (as required by governmental authority or as deemed necessary for safe operation by the testing party) shall be considered a force majeure event only when the event is outside of TransColorado's control.

14.2 If because of a force majeure event either TransColorado or Shipper is rendered unable, wholly or in part, to perform its obligations under a service agreement incorporating these General Terms and Conditions, other than to make payments when due, and if such party gives notice of such event within a reasonable period of time and provides full particulars of the event in writing or by electronic communication (other than telephone), nonperformance of the party giving such notice shall be excused during the continuance of such event and to the extent its performance is affected by such event. The party claiming force majeure shall use due diligence to remedy its nonperformance with all reasonable dispatch, including the making of provision for such alternate performance as may be economical and practical.

14.3 No force majeure event affecting the performance by TransColorado or Shipper shall relieve such party of liability in the event of failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch. Nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments as mutually agreed under the applicable rate schedule.

Any force majeure event that results in TransColorado's inability to transport all or any portion of Shipper's gas or that results in Shippers' inability to tender gas to TransColorado for transportation shall not operate to suspend or otherwise affect in any way Shipper's obligation to pay the applicable reservation charge except as provided in Section 8.4 of these General Terms and Conditions. During any period when receipts are suspended in whole or in part due to a force majeure event, TransColorado may use resulting excess capacity created to transport or exchange any other volumes of gas made available to it. Such use of excess capacity shall not interfere with Shipper's right to have its gas transported.

15. RESPONSIBILITY FOR GAS

15.1 As between Shipper and TransColorado, Shipper shall be responsible for its gas until it has been delivered to TransColorado at the points of receipt.

TransColorado shall be responsible for the gas while it is in its system between the point of receipt and the point of delivery. After gas has been delivered to or for the account of Shipper by TransColorado at the point of delivery specified in the service agreement, Shipper shall again be responsible for the gas. The party that shall be responsible for the gas shall bear liability for all injury or damage caused by it. Notwithstanding anything to the contrary stated in these General Terms and Conditions, Shipper shall indemnify TransColorado for all injury, damage, loss or liability of TransColorado caused by Shipper's delivery of off-specification gas contrary to Section 11 of these General Terms and Conditions.

15.2 TransColorado shall purchase, own and be responsible for line pack-gas sufficient to operate its system.

15.3 All substances, whether or not of commercial value, including all liquid hydrocarbons of whatever nature, except substances expressly reserved for Shipper, that TransColorado recovers in the course of transporting the quantities of natural gas tendered hereunder to Shipper shall be TransColorado's sole property and TransColorado shall not be obligated to account to Shipper for any value, whether or not realized by TransColorado, that may attach or be said to attach to such substances.

16. WARRANTY

Shipper warrants that it will have at the time of delivery of gas for transportation good title or good right to deliver the gas. Shipper warrants that the gas it delivers shall be free and clear of all liens, encumbrances, and claims; that it will indemnify TransColorado and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from any adverse claims of any person to the gas or to royalties, taxes, license fees, or charges that are applicable to such delivery of gas; and that it will indemnify TransColorado and hold it harmless from all taxes or assessments that may be levied and assessed upon such delivery and that are by law payable by the party making delivery.

17. ASSIGNMENTS

TransColorado may pledge or charge its interest under a service agreement under the provisions of any mortgage, deed of trust, indenture, security agreement, loan agreement, or similar instrument that it executes. Shipper shall not assign any of its rights under a service agreement incorporating these General Terms and Conditions, except as provided for in Section 6.

Shipper may not pledge or charge its interest under a service agreement under the provisions of any mortgage, deed of trust, indenture, security agreement, loan agreement or similar instrument that it executes without the consent in writing of TransColorado. No person succeeding by purchase, merger or consolidation to the properties of Shipper shall be entitled to any part of the interest of Shipper under its service agreement without the written consent of TransColorado.

18. CREDITWORTHINESS

18.1 TransColorado shall not be required to initiate, perform or to continue any transportation service under any rate schedule for Shipper if Shipper is or has become insolvent or fails within 30 days of TransColorado's request for credit information to demonstrate creditworthiness.

18.2 Shipper must demonstrate evidence of creditworthiness by providing the following:

- (a) Primary bank references;
- (b) Shipper's year-end audited financial statement and its last quarterly report;
- (c) A credit report from a credit reporting agency that shows that Shipper pays its commercial obligations within a reasonable period.

18.3 Notwithstanding subparagraph 18.2(c), if Shipper is found to lack creditworthiness, Shipper may receive service if it prepays for such service or furnishes a letter of credit or other good and sufficient security, as determined by TransColorado in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for up to a three-month period.

18.4 The inability of Shipper to pay for the requested service or insolvency of Shipper may be evidenced by the filing by Shipper or any parent or affiliated company (collectively referred to in this paragraph as "Shipper") of a petition in bankruptcy or the entry of a decree or order by a court of competent jurisdiction adjudging Shipper bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of Shipper's debts under the federal Bankruptcy Act or any other applicable federal or state law, or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the assets of Shipper or the winding-up or liquidation of Shipper's affairs.

19. SHIPPER'S FAILURE TO COMPLY WITH TERMS

TransColorado shall not be required to perform service under any transportation rate schedule included in this Tariff if Shipper fails to comply with the terms of its Transportation Service Agreement and the General Terms and Conditions of this Tariff.

20. SYSTEM OPERATION

20.1 General.

A. TransColorado shall endeavor to maintain adequate pressure throughout its system and to preserve the overall operational integrity of its system; provided, however, that TransColorado shall not be obligated to buy or sell gas or to install additional compression or otherwise modify its system for these purposes. Operating personnel for Shippers and other entities that are physically taking delivery of gas from TransColorado or tendering gas to TransColorado shall cooperate with TransColorado in furtherance of this Section. Each Shipper shall designate the e-mail, telephone and fax numbers of one or more persons (but not more than two (2) primary and two (2) backup persons) for TransColorado to contact on operating matters (including the receipt of Operational Flow Orders and notices of a Critical Time consistent with Section 20.5) at any time, on a 24-hour a day, 365-days a year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters.

B. For the purpose of these General Terms and Conditions, the overall operational integrity of TransColorado's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas delivered.

C. TransColorado shall post a Monthly Maintenance Schedule on its Interactive Website each month prior to bid-week for the subsequent month that contains a list of scheduled maintenance activities TransColorado anticipates conducting in the subsequent month which are likely to result in curtailment or outages on the pipeline. Such Monthly Maintenance Schedule posting shall include the facilities anticipated to be impacted by the project, an estimate of the date each project will be conducted, and the name and amount of estimated curtailment for each segment anticipated to be impacted by the project. If it is necessary for TransColorado to perform a new maintenance project in the subsequent month that was not previously included in the Monthly Maintenance Schedule posting, and that TransColorado could not reasonably anticipate would be necessary to perform in the subsequent month when the Monthly Maintenance Schedule was posted, TransColorado shall post an update to the Monthly Maintenance Schedule on its Interactive Website specific to the new maintenance project before the end of the current month in which the Monthly Maintenance Schedule posting was made.

20.2 Facility Control. TransColorado shall maintain actual physical and operational control of all transmission and other facilities on its system.

20.3 Operational Control Sequence. In the event TransColorado's observations or projections indicate that a situation is or may be developing in which adequate pressures may not be maintained or the overall operational integrity of its system (or any portion thereof) could be threatened, or in the event that such a situation actually occurs, TransColorado is authorized by this Section to take action to

alleviate this situation. In responding to such a situation, TransColorado shall first apply the Advisory Actions procedures of Section 20.4. If such measures are not sufficient in TransColorado's judgment to address the situation fully, TransColorado shall next employ the Critical Time procedures set out in Section 20.5. Finally, TransColorado may take unilateral action as provided in Section 20.6. The procedures set out in such provisions, and their sequencing, are intended to be applied only to the extent any of the specific actions indicated, or such sequencing, would be anticipated to alleviate the situation to be addressed. In issuing Advisory Actions consistent with Section 20.4 or a Critical Time consistent with Section 20.5, TransColorado shall describe the conditions and the specific responses required from the affected parties.

To the extent that specific actions are reasonably identifiable, TransColorado shall direct its actions hereunder to Shippers creating or anticipated to create the situation to be addressed and shall act consistent with Section 20.7. Nothing herein shall preclude TransColorado from bypassing any of the above procedures if, in its judgment, the situation so requires. TransColorado will keep Shippers advised through TransColorado's Interactive Website on the status of the situation.

20.4 Advisory Actions

In the event TransColorado determines that action is required to alleviate or forestall a situation in which system pressure is not maintained or when the overall operational integrity of the system or any portion of the system is jeopardized, TransColorado may take the Advisory Actions set out herein to alleviate or forestall the development of such a situation.

A. TransColorado may request Shippers or other entities affecting its system to take any of the following actions, or other similar actions, to the extent such actions would tend to alleviate the situation, on a voluntary basis:

- (i) Shift receipts to obtain better capacity balance;
- (ii) Change Receipt or Delivery Points;
- (iii) Change usage patterns (e.g., end users switch to alternate fuels);
- (iv) Provide assistance from market area resources;
- (v) Activate pre-negotiated voluntary arrangements under which gas is diverted from one Shipper to another or from a non-Shipper to a Shipper (which arrangements may specify appropriate compensation);
- (vi) Reconcile transportation imbalances; and/or
- (vii) Such other voluntary action as would tend to alleviate or forestall the situation.

B. TransColorado may also take actions within its control that might tend to alleviate or forestall the situation. Such actions may include the following:

- (i) Advise any Shipper which is not maintaining receipts and deliveries in balance that such imbalances must not continue;
- (ii) Curtail or require adjustments or supply shifts in IT service; and/or

(iii) Take such other actions as are within TransColorado's control and discretion to alleviate or forestall the situation.

20.5 Critical Time Notice.

A. A Critical Time may be declared (1) when the total physical receipts to all or a portion of the system are approaching or expected to approach a level that is in excess of the total physical deliveries; (2) when the total physical deliveries from all or a portion of the system are approaching or expected to approach, a level that is in excess of the total physical receipts; (3) when system pressure on one or more pipeline segments is falling and approaching a level or is expected to fall and approach a level that is at or below the minimum that TransColorado considers necessary for system integrity or to fulfill its firm contractual obligations; (4) when system pressure on one or more pipeline segments is rising and approaching a level or is expected to rise and approach a level that is at or above the maximum pressure at which TransColorado's facilities may be safely operated; or (5) at other times when TransColorado is unable or anticipates it may not be able to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of TransColorado's system. A Critical Time may not be declared on all or a portion of the system for the purpose of maintaining interruptible services on that portion of the system, but interruptible gas may flow at times or on portions of the system when such flow would not violate any operational control restrictions or provisions of this Tariff. TransColorado shall notify Shippers on TransColorado's Interactive Website as to the reason(s) why a Critical Time was declared.

B. TransColorado shall advise Shippers on its system if it is declaring a Critical Time, as described in Section 20.5A above, and shall specify the nature of the situation creating the Critical Time.

C. TransColorado may issue OFOs as described in this Section 20.5 during a Critical Time.

D. All quantities tendered on a net contract basis to TransColorado and/or taken by Shipper on a daily basis in violation of TransColorado's OFOs issued during a Critical Time shall constitute unauthorized receipts or deliveries for which a charge of \$25 per Dth plus the San Juan Basin spot price of gas, as determined in Section 12.3 of these General Terms and Conditions, for the days the OFO is in place shall be assessed and the resulting imbalance will be reduced to zero.

E. Notice of a Critical Time will be posted on TransColorado's Interactive Website, and will be the first information item shown on the informational postings portion of the website. TransColorado will endeavor to post the notice its Interactive Website before 4:00 p.m. CCT or otherwise will endeavor to notify Shippers via the Interactive Website by 4:00 p.m. CCT that they should check the Interactive Website again at a specified later time to see whether a Critical Time will be in effect for the next day. TransColorado must attempt to give actual notice of a Critical Time via e-mail, fax or telephone (provided a Shipper has given the numbers to TransColorado as required in this Section) at least four (4) hours prior to the start of the day before a Critical Time will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Critical Time and whether other

charges will apply to over-receipts and under-deliveries vis-à-vis confirmed nominations or to under-receipts and over-deliveries vis-à-vis confirmed nominations. If reasonably possible, a Critical Time will be effective at the start of a day and will continue until the end of the day and through the end of successive days until TransColorado notifies Shippers via TransColorado's Interactive Website that there is no longer a Critical Time.

F. In the event that, in TransColorado's judgment, the Advisory Actions under Section 20.4 are not sufficient to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of TransColorado's system or to maintain operations required to provide efficient and reliable firm service, TransColorado is authorized to issue OFOs.

Notwithstanding the foregoing, TransColorado shall take reasonable actions to minimize the issuance and the adverse impact of OFOs, or of any other measure taken under this Section in response to adverse operational events on TransColorado's system. TransColorado will issue OFOs only if necessary, in its reasonable judgment, to maintain the pressure of its system within the range of normal operating parameters or, to respond to or prevent facility outages or other conditions which could have a detrimental impact on system reliability or service integrity on its system. OFOs shall be lifted as soon as practicable when such conditions no longer prevail.

Such OFOs may, subject to Section 20.9, require a Shipper to take any of the following actions, or similar actions, to the extent such actions would tend to alleviate the situation to be addressed:

- (i) Commence or increase deliveries into TransColorado's system at specific points, or shift such deliveries (in whole or in part) to different points;
- (ii) Cease or reduce deliveries into TransColorado's system at specific points;
- (iii) Commence or increase deliveries of gas from TransColorado's system from specific points, or shift deliveries to different points;
- (iv) Cease or reduce deliveries from TransColorado's system or at specific points;
- (v) Reconcile transportation imbalances;
- (vi) Requiring that deliveries under all of TransColorado's rate schedules be made on a uniform hourly rate effective three (3) hours after issuance of an OFO; and/or
- (vii) Such other actions as are within Shipper's control that would tend to alleviate the situation to be addressed;

No Shipper will be required under an OFO to exceed its total firm maximum daily quantity under its Agreements with TransColorado under Part 284 of the Commission's Regulations. Nor will a Shipper be required to accept delivery of gas that the Shipper cannot use at its delivery points.

G. In issuing OFOs to correct problems with either too much gas or insufficient gas being received vis-à-vis deliveries, TransColorado will generally follow the following sequence, to the extent there is sufficient time:

- (i) TransColorado will require all Shippers out of balance to the detriment of the system to balance their Agreements;
- (ii) TransColorado will seek voluntary action from Shippers, subject to the Shipper and TransColorado negotiating adequate compensation;
- (iii) TransColorado will interrupt interruptible services if doing so will restore system flexibility prior to issuance of generally applicable OFOs or curtailment of firm services. This step will be taken when Shippers are failing to comply with previously issued OFOs or when TransColorado cannot identify which Shippers are creating the problem.

H. In the event receipts in segments of TransColorado's system exceed scheduled receipts so that high system pressures back off scheduled receipt quantities, TransColorado may issue an OFO to all Shippers in the affected segment of the system stating that a high pressure condition exists. All such Shippers will be required to check their deliveries into receipt points on the affected portion of the system. Those Shippers who are delivering more than their scheduled volumes will have four (4) hours to make needed adjustments, or enter the penalty situation. An OFO issued pursuant to this Section 20.5H. will be canceled by TransColorado when the high pressure condition described above has been corrected and the imbalances created by the high pressure condition have been reasonably resolved.

I. In the event there is a need for TransColorado to engage in routine and normal maintenance of the system, to undertake repairs and replacements of lines of pipe, to schedule DOT compliance activities, to install taps, to make pig runs, to test equipment, to check or change compressor internals, or to engage in other similar actions affecting the capacity of any portions of the system, TransColorado may issue OFO's pursuant to this Section 20.5I, which will contain an estimate of the time, duration, and impact of the activity. An event of force majeure may affect deliveries, but not trigger the need for an OFO pursuant to this Section 20.5I. An order issued pursuant to this Section 20.5I shall be canceled when such planned maintenance or other activities have been completed.

J. Notice and posting shall include but not be limited to (i) mandated specific actions, (ii) indication of voluntary actions, (iii) identification of the parties subject to the OFO, (iv) the time the OFO will become effective, (v) the estimated duration of the OFO, (vi) whether TransColorado is overdelivered or underdelivered, (vii) whether actual net receipts need to be equal to or greater than actual deliveries or actual deliveries need to be equal to or greater than actual net receipts, (viii) whether or not authorized overruns are acceptable and (ix) 24 hour contact number for TransColorado during the duration of the OFO.

K. In addition to the OFOs described in subsections (A-J) above, TransColorado may issue OFOs as follows:

- (i) In order to improve system operations, TransColorado may require any Shipper that has a variance of twenty percent(20%) or more between actual deliveries to TransColorado at a Receipt Point and the confirmed nomination at that Receipt Point to conform the

deliveries to the confirmed nomination as of the day that commences with the effectiveness of the OFO.

(ii) TransColorado may also require Shippers to keep any variances between actual flows and confirmed nominations at all of the Receipt Points or Delivery Points under each Shipper's Agreements, which are to the detriment of TransColorado's system, within a ten percent (10%) tolerance. If a Shipper agrees to keep all other Shippers at a Delivery Point whole with their nominations (Swing Shipper), such other Shippers' confirmed nominations and actual takes at that point will be included in the total confirmed nominations and the total actual deliveries of the Swing Shipper at all Delivery Points for the purposes of determining the Swing Shipper's variance.

(iii) A Shipper shall not be subject to overrun penalties and charges from TransColorado or imbalance charges with respect to any action taken in conformance with an OFO issued by TransColorado during a Critical or non-Critical Time.

20.6 Unilateral Action. In the event that the actions under Sections 20.3 through 20.5 are inadequate or there is insufficient time to carry out such procedures, TransColorado may periodically have to take unilateral action to maintain system pressure and preserve the overall operational integrity of TransColorado's system (or any portion thereof). TransColorado is authorized to use all the resources of its system to such ends, through the integrated operation of line pack, and supply received into TransColorado's system, even though gas may be owned by a person other than the entity receiving delivery. TransColorado shall not, however, be responsible as a supplier of gas to any Shipper.

20.7 Applicability of Actions. In exercising its authority pursuant to Sections 20.3 through 20.6, TransColorado shall generally direct its actions to Shippers in the following sequence, to the extent such actions and/or sequencing will tend to alleviate the situation to be addressed:

- A. First, to any Shipper that has been identified to take action and is causing disruption due to its failure to maintain receipts and deliveries in balance or to match physical flows with nominated receipts or deliveries;
- B. Second, to any Shipper that has been identified to take action and has failed or is failing to take action to anticipate a change in demand (i.e., a temperature sensitive LDC or end user failing to respond to changes in weather);
- C. Third, to any Shipper that has been identified to take action and is operating in a manner that conflicts with sound operational practices in relation to TransColorado's system; and
- D. Lastly, to all other Shippers.

20.8 Refund of Penalty Amounts. All amounts collected by TransColorado for OFO penalties shall be refunded consistent with Section 12.11 of these General Terms and Conditions.

20.9 Standards.

- A. In issuing OFOs or taking other operational control action under this

Section, TransColorado shall apply consistent and objective engineering and operational criteria to define the overall operational integrity of the system and acceptable pressure levels to be maintained, to evaluate the imminent nature of any threat to these factors, and to determine what steps are necessary to preserve such factors. Such criteria may be changed from time to time as operating experience indicates.

B. In applying this Section, TransColorado shall operate its system on a non-discriminatory manner, without regard to the source of supply, the identity or nature of any Shipper or the identity of any entity tendering or receiving gas except as otherwise explicitly provided herein.

20.10 Liability.

A. TransColorado shall not be liable to any person for the manner in which it operates its system, or for any diversion of gas or capacity rights or any other adverse consequences to such person that may result from its actions, provided that TransColorado's actions were undertaken in furtherance of and in accordance with this Section 20 and provided further that such adverse consequences are not attributable to TransColorado's negligence or misfeasance.

B. Compliance with the OFOs and the other terms and conditions of TransColorado's FERC Gas Tariff is essential to provide deliveries and services under all rate schedules. A failure by one or more Shippers to comply with the OFOs may affect TransColorado's ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, TransColorado will, except for negligence or undue discrimination, have no liability.

C. In the event a Shipper's gas supplies are diverted to another Shipper or retained by TransColorado as a result of an OFO, the party receiving such gas supplies shall compensate the Shipper whose gas was diverted or retained at the San Juan Basin spot price of gas, as determined in Section 12.3 of these General Terms and Conditions. Should reduced deliveries result from the issuance of an OFO, TransColorado shall provide reservation charge credits to Shippers reflecting such reduced deliveries.

20.11 Reporting. Within 90 days after an OFO has been lifted, TransColorado will post on its Interactive Website a report that describes the specific operational factors which caused the OFO to be issued and then lifted.

20.12 Unauthorized Gas.

TransColorado will notify operators by approximately the 15th of each month of their level of Unauthorized gas for the preceding calendar month. TransColorado will post on its Interactive Website by approximately the 15th of each month quantities of Unauthorized gas in the preceding month which cannot be attributed to any Shipper. Any Operator who delivers unscheduled natural gas onto TransColorado's system will be given sixty (60) days from the date TransColorado provides notice to the Operator that such gas has been received, to deliver it off the system or schedule it for delivery, or it will become the property of TransColorado at the end of the 60 day period. If the Shipper who delivered such gas onto TransColorado's system is not known, the gas will become the property of TransColorado sixty (60) days after it was received by TransColorado.

21. COMPLIANCE PLAN FOR TRANSPORTATION SERVICES

21.1 Purpose. TransColorado is an interstate natural gas pipeline company that transports natural gas for others pursuant to Subparts B and G of Part 284 and is affiliated with corporations which may engage in marketing or brokering activities as defined in Section 358 of the Commission's Regulations. Section 21 provides the information and procedures required by 18 C.F.R. Section 250.16(b) and (c).

21.2 Shared personnel and facilities. TransColorado, as a separate entity, does not share any operating personnel or facilities with any affiliated marketing or brokering entity.

21.3 Complaint Procedures. If an existing or potential Shipper has a concern relating to any request for transportation service or any ongoing transportation service, Shipper may complete the inquiry form included in this Tariff. Shipper shall complete the inquiry form and return it to:

TransColorado Gas Transmission Company LLC
Post Office Box 1087
Colorado Springs, Colorado 80944
Attention: Director, Regulatory Affairs
E-mail: KMWestPipe_RegAff@kindermorgan.com

TransColorado shall notify Shipper within 48 hours that the inquiry has been received. Each inquiry will be noted on the transportation request log. Each inquiry shall be investigated, and TransColorado shall inform Shipper in writing within 30 days of receipt of the inquiry of the action, if any, taken in response to Shipper's inquiry. TransColorado shall maintain a separate file for all shipper inquiries and TransColorado's responses.

21.4 Transportation Log. Transporter does not rely on contract data to allocate capacity. Therefore, Transporter will not maintain a log containing the information required by Section 250.16(c)(1) of the Commission's Regulations.

SHIPPER INQUIRY FORM

Name of inquirer:

Identification of contract under question:

Designation of time period involved:

Nature of inquiry or complaint:

Signature _____

Title _____

22. ACCOUNTING DEPRECIATION

TransColorado has used a depreciation method in establishing its rates that differs from the traditional straight-line method. Shippers will pay rates under their transportation agreements that will incorporate TransColorado's methodology.

23. NEGOTIATED RATES

23.1 Applicability. Notwithstanding anything to the contrary contained in this Tariff, TransColorado may charge a negotiated rate for service under any rate schedule contained in this Tariff to any Shipper that has access to service at the rates set forth in the applicable rate schedule as shown on the effective Statement of Rates (recourse rates), and agrees to pay the negotiated rate.

23.2 Definition. A negotiated rate shall mean a rate for service, where one or more of the individual rate components exceed the maximum charge, or are less than the minimum charge, for such components. This definition shall include a rate derived by a formula where one or more of the individual rate components may exceed the maximum charge, or may be less than the minimum charge.

23.3 Conditions. Implementation of a negotiated rate shall be subject to the following conditions:

- (a) TransColorado and Shipper have executed a valid Transportation Service Agreement to implement negotiated rate(s).
- (b) Shipper had access to service pursuant to this FERC Gas Tariff at the rates set forth on the Statement of Rates at the time of the execution of the Transportation Service Agreement implementing negotiated rate(s).
- (c) TransColorado has filed a tariff section called "Negotiated Rates" advising the Commission of such agreement. The tariff section will state the exact legal name of the Shipper, the negotiated rate, other applicable charges, the receipt and delivery points, the volume of gas to be transported and the applicable rate schedule for service provided at a negotiated rate. The tariff section will include a statement affirming that the negotiated rate agreement does not deviate in any material aspect from the applicable form of service agreement or TransColorado will file the agreement pursuant to Section 154.112(b) of the Commission's Regulations.

23.4 Reserved

23.5 Transportation Service Agreements Subject to the Right of First Refusal. The right of first refusal provided with respect to certain Shipper's firm service agreements, as described in Section 7 of the General Terms and Conditions, shall not apply to firm service agreements with negotiated rates, unless otherwise agreed to in writing by TransColorado.

23.6 Capacity Release. TransColorado and Shipper may, in connection with their agreement to a Negotiated Rate under a firm transportation rate schedule, agree upon payment obligations and crediting mechanisms in the event of a capacity release that vary from or are in addition to those set forth in Section 6 of this Tariff. This provision does not allow TransColorado and Shipper to negotiate the terms and conditions of service.

23.7 Capacity Scheduling. For purposes of allocating capacity under Section 8 of these General Terms and Conditions, a Shipper paying a negotiated rate that exceeds the maximum rate for that service will be considered to have paid the maximum rate for such service.

23.8 Accounting for Costs and Revenues. Allocation of costs to, and recording of revenues from service at negotiated rates(s) or rate formula(s) will follow

TransColorado's normal practices associated with transportation services provided under this tariff. If TransColorado institutes any revenue tracker or other device to flow through to its shippers the impact of interruptible or other transportation transactions, the treatment of such tracker of revenues from nonconforming negotiated rate(s) or rate formula(s) shall be specified in the applicable tariff provision.

23.9 Section 4(e) Rate Case Tracking. TransColorado will separately record the volume transported, billing determinants, rate components, surcharges and the revenue associated with its negotiated-rate transactions so that this information can be separately identified, and separately totaled as part of Statements G, I, and J in any applicable rate case filing under Section 4(e) of the Natural Gas Act, 15 U.S.C. & Section 717(c). TransColorado's recovery of surcharges, such as ACA and GRI, will comport with existing practices.

23.10 Rate Treatment. TransColorado shall have the right to seek in future general rate proceedings discount-type adjustments in the design of its rates related to negotiated-rate agreements that were converted from pre-existing discount adjustments to negotiated-rate agreements, provided that the type of pre-existing service is not altered as a result of the conversion to a negotiated rate. In those situations, TransColorado may seek a discount-type adjustment based upon the greater of: (a) the negotiated-rate revenues received or (b) the discounted-rate revenues that otherwise would have been received.

23.11 Negotiated-Rate Surcharge and FL&U Reimbursement Components. If TransColorado negotiates surcharge or FL&U reimbursement percentage rate components at lower than the maximum rate level for those components as part of a negotiated-rate agreement, it will assume any risk of under-recovery of costs or FL&U reimbursement from negotiated-rate Shippers in order to ensure that its recourse Shippers are not adversely affected due to negotiated-rate agreements with individual Shippers. If TransColorado negotiates specific surcharge components of its rates, rather than total rates, as part of a negotiated rate agreement, TransColorado's discount order policy shall not apply.

24. ANNUAL CHARGE ADJUSTMENT SURCHARGE ("ACA")

24.1 Purpose. This Section 24 establishes an Annual Charge Adjustment Surcharge ("ACA") which will permit TransColorado to recover from its Shippers such ACA unit charge, as calculated by the Commission, which shall be applicable to Transporter's transportation Rate Schedules.

24.2 Applicable Customers. The ACA shall be applicable to all transportation rate schedules contained in this Tariff. For those rate schedules with a two-part rate, the ACA unit charge shall only apply to the usage component of such rate. Such ACA Surcharge shall be the unit charge shown on the Commission website, as revised and posted annually. Such surcharge is incorporated by reference into Transporter's currently effective FERC Gas Tariff.

24.3 Effective Date of Charge. The effective date of charges pursuant to this section shall be October 1.

24.4 Accounting for Annual Charges Paid Under Part 382. TransColorado shall account for annual charges paid by charging the amount to Account No. 928, Regulatory Commission Expenses, of the Commission's Uniform System of Accounts. Any annual charges recorded in Account No. 928 shall not be recovered by TransColorado, as recorded in FERC Account 928, in a Natural Gas Act Section 4 rate case.

25. ADVERTISEMENTS

Any person may advertise for the purchase of capacity on TransColorado's system on its Interactive Website by submitting the desired advertisement (up to one page) to TransColorado. TransColorado shall post such advertisement on the Informational Postings portion of its Interactive Website no later than the business day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with TransColorado's tariff. The advertisement shall be posted for a period of time specified by the requesting party; however, TransColorado shall not be required to post the notice of the offer to purchase capacity longer than 30 days. There will be no posting fee for such advertisements seeking to purchase capacity on TransColorado. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release. To release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 6 of these General Terms and Conditions.

26. INCIDENTAL PURCHASE AND SALE

TransColorado is not providing a supply service under any Rate Schedule of this Tariff, but may buy and sell gas in connection with the provision of transportation services. Without limitation of the foregoing, TransColorado may buy and sell gas to the extent necessary to maintain system pressure, to manage system integrity, to maintain line pack and provide additional line pack for new facilities, to implement the cashout imbalance procedures under Section 12.6, and to perform other functions of TransColorado in connection with transportation services. Nothing herein shall impose on TransColorado any obligation to provide a supply function to any of its Shippers.

TransColorado will sell gas at any point on the system on a non-discriminatory basis. Buyer will be required to arrange with TransColorado the necessary transportation agreements from the point of sale.

The availability of gas for sale or interest in purchasing gas will be posted on TransColorado's Interactive Website to the extent feasible at least twenty-four (24) hours prior to the actual purchase or sale.

27. ACQUIRED CAPACITY

27.1 TransColorado may from time to time enter into transportation or storage agreements with upstream or downstream entities, including other interstate pipelines, intrastate pipelines, or local distribution companies (Acquired Capacity). TransColorado may use Acquired Capacity for its system operational needs and/or to render service to its customers. Except as provided in Section 27.2, TransColorado states that, if it provides service for others using Acquired Capacity, it will apply to such services the same rates and tariffs as are applicable to on-system customers, as such rates and tariffs may change from time to time. For purpose of any use of Acquired Capacity covered by this Section 27.1, the "shipper must have title" requirement shall be waived.

27.2 Nothing herein shall be read to preclude TransColorado from filing with the Commission for different tariff provisions applicable to any such service which TransColorado provides using Acquired Capacity; provided, however, that the waiver of the "shipper must have title" requirement hereunder shall not apply in such circumstance, and TransColorado will be required to seek a case-specific waiver of that requirement from the Commission.

27.3 If a Shipper has entered into a firm agreement utilizing acquired capacity contracted for pursuant to this section, such Shipper may not elect to extend the term of its agreement beyond the term of TransColorado's agreement for such acquired capacity.

28. SEGMENTATION

28.1 A Shipper may segment its firm capacity to the extent operationally feasible. In addition, any Shipper may segment its firm capacity in releasing to a Replacement Shipper to the extent operationally feasible. A Shipper segmenting its own firm capacity shall effectuate such segmentation through the nomination process under this Section 28. A Shipper may release firm capacity on a segmented basis to the extent consistent with this Section 28 by following the procedures set out in Section 6 of these General Terms and Conditions.

28.2 For the purposes of this Section 28, a segmentation of firm capacity (whether of Shipper's own capacity or on release) shall be deemed operationally feasible unless: (i) the segmentation would result in an increase in firm contractual obligation by TransColorado on any segment or portion of its system; or (ii) the segmentation would result in a physical haul in a direction opposite to the primary path under the Agreement being segmented, absent a determination by TransColorado, which determination will be made within ten (10) Business Days of the request, that it can physically perform the segmentation as requested.

28.3 In the event a path is segmented under this Section, the upstream path segment shall receive priority at all secondary points upstream of the break point and the downstream path segment shall receive priority at all secondary points downstream of the break point.

28.4 Shippers may request to segment outside their primary path to the extent that such a request to segment does not adversely impact TransColorado's ability to perform its contractual obligations to all Shippers. If TransColorado determines that it may perform such segmentation, Shippers shall have priority of service in accordance with Section 8.1(a)(ii)(2) of these General Terms and Conditions.

28.5 If TransColorado determines that it is operationally feasible, the Shipper (or Replacement Shipper in the case of a release) may nominate service at Receipt and Delivery Points for the path segment that results in a reverse flow from the original path, subject to the discount policy stated in Section 28.7 below. If TransColorado determines that it is operationally feasible, TransColorado will permit segmentation transactions consisting of forward hauls up to contract demand and backhauls up to contract demand to the same point at the same time.

28.6 Subject to the availability of firm capacity at the primary points, a Shipper, a Replacement Shipper or a Subreplacement Shipper may change the primary Receipt or Delivery Points listed in the Service Agreement to new primary point(s) if the Shipper (or in the case of a release, the Original Shipper) agrees to amend the Service Agreement to change the primary Receipt or Delivery Point accordingly. TransColorado shall not be obligated to reserve firm capacity to reinstate the former primary points upon expiration of the segmentation or the capacity release.

28.7 Discounts for segmented transportation may be granted according to the procedures set out in Section 9.7 of these General Terms and Conditions.

28.8 To the extent segmentation results in an increase of a Shipper's or Replacement Shipper's firm contract rights and TransColorado schedules and confirms that increase in firm contract rights, the Shipper or Replacement Shipper that caused such increase in firm contract rights overlap will be subject to the applicable overrun charge pursuant to each rate schedule in TransColorado's Tariff. If a capacity release occurs during the day and the releasing Shipper has already submitted a nomination,

the original Shipper may incur the applicable overrun charge.

28.9 TransColorado reserves the right to evaluate and disallow segmentation on its system on a case-by-case basis for those situations that are not operationally feasible and not already described in this Section 28. Disallowance of segmentation requests will be made on a non-discriminatory basis. TransColorado will post on its Interactive Website within 10 Business Days the explanation for any disallowance of segmentation not specifically described in this Tariff.

29. DISCOUNTING

29.1 Rate Discount Order

If and when TransColorado discounts the rates and charges applicable for service under any Rate Schedule, the components of the currently applicable Maximum Rate shall be discounted in the following order: the first item of the overall charge discounted will be any surcharge, followed by the base rate charge. Any other surcharges will be attributed in accordance with the applicable section of these General Terms and Conditions that provides for the surcharge as established in individual proceedings.

29.2 Types of Discounts

If TransColorado agrees to a discounted rate under TransColorado's Rate Schedules, the following terms may be agreed to without constituting a material deviation from TransColorado's applicable pro forma Service Agreement; provided, however, any such rate or component thereof shall not be less than TransColorado's applicable minimum rate, nor greater than TransColorado's applicable maximum rate.

Such rate may apply:

- (1) to specified quantities under Shipper's Service Agreement(s);
- (2) to quantities above or below a certain level, or all quantities if quantities exceed a certain level;
- (3) in a specified relationship to quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to the quantities actually transported);
- (4) during specified periods of the year or over specifically defined periods of time;
- (5) to specified receipt points, delivery points, zones, pooling areas, transportation routes, markets or other defined geographical areas;
- (6) to production reserves, gas supplies or markets committed by Shipper;
- (7) if one rate component, which was at or below the applicable maximum rate at the time the discount agreement was executed, subsequently exceeds the applicable maximum rate due to a change in TransColorado's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed upon overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff sections; and/or
- (8) if the rate is based on published index prices for specific receipt or delivery points or other agreed-upon pricing reference points for price determination, which indices conform to Commission policy and standards. Such discounted rate may be based on the differential between published index prices or arrived at by formula. Such discounted rate: (1) shall not change the underlying rate design; (2) shall not include any minimum bill or

minimum take provision that has the effect of guaranteeing revenue; and (3) shall in each agreement entered into pursuant hereto, specify the rate component(s) to be discounted and the extent thereof.

30. COMPLIANCE WITH 18 C.F.R., SECTION 284.12

TransColorado has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ, Version 3.2, which are required by the Commission in 18 CFR, Section 284.12(a), as indicated below. Standards without accompanying identification or notation are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards not Incorporated by Reference and their Location in Tariff:

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver as adopted by the NAESB Board of Directors on April 4, 2013, TransColorado may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that TransColorado includes appropriate citations in the submission.

TransColorado has elected to reproduce only the following Business Practice and Electronic Communications standards, NAESB WGQ Version 3.2, that are protected by NAESB's copyright. With respect to each reproduced standard (including any minor corrections), TransColorado incorporates the following: © 1996 - 2020 North American Energy Standards Board, Inc., all rights reserved.

<u>NAESB Standard</u>	<u>Tariff Record</u>
1.3.2 (i-vi)	General Terms and Conditions ("GT&C") Section 8.2
1.3.11	GT&C Section 8.2(c)(i)
3.2.1	GT&C Section 1.6
3.3.15	GT&C Section 13.6
3.3.17	GT&C Section 13.4
3.3.19	GT&C Section 13.5
5.1.2	GT&C Section 6.14(c)(ii)
5.3.1	GT&C Section 6.1(b)
5.3.2	GT&C Section 6.1(c)
5.3.3	GT&C Section 6.5(a)
5.3.5	GT&C Section 6.13(a)
5.3.26	GT&C Section 6.3(j)
5.3.44	GT&C Section 6.14(b)
5.3.45	GT&C Section 6.14(b)(vii)
5.3.46, 5.3.47, 5.3.52	GT&C Section 6.14(c)(i)
5.3.49	GT&C Section 6.14(c)(iii)
5.3.56, 5.3.57, 5.3.58	GT&C Section 6.14(d)

Standards Incorporated by Reference:

Additional Standards:

General:

Definition: 0.2.5

Standards: 0.3.1, 0.3.2, 0.3.16, 0.3.17

Creditworthiness:

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

Gas/Electric Operational Communications:

Definitions: 0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards: 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards: 0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets: 0.4.2, 0.4.3

Location Data Download:

Standards: 0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset: 0.4.4

Storage Information:

Dataset: 0.4.1

Nominations Related Standards

Definitions: 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards: 1.3.1, 1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.7, 1.3.8, 1.3.9, 1.3.13, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

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

Flowing Gas Related Standards:

Definitions: 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards: 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Datasets: 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

Invoicing Related Standards:

Standards: 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.16, 3.3.18, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27

Datasets: 3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

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

Standards: 4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

Capacity Release Related Standards:

Definitions: 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards: 5.3.4, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.48, 5.3.50, 5.3.51, 5.3.53, 5.3.54, 5.3.55, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Datasets: 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

Internet Electronic Transport Related Standards:

Definitions: 10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

Standards: 10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

Standards for which Waiver or Extension of Time to Comply have been granted:

<u>NAESB Standard</u>	<u>Waiver, Variance or Extension of Time</u>	<u>Relevant Tariff Section and/or Description</u>	<u>Initial Order Granting Request</u>	<u>Most Recent Order Granting Continuation</u>
0.4.1	Extension	Extension for EDI Implementation		
2.4.1	Extension	Extension for EDI Implementation		
2.4.2	Extension	Extension for EDI Implementation		
2.4.3	Extension	Extension for EDI Implementation		
2.4.4	Extension	Extension for EDI Implementation		
2.4.5	Extension	Extension for EDI Implementation		
2.4.6	Extension	Extension for EDI Implementation		
3.4.1	Extension	Extension for EDI Implementation		
3.4.2	Extension	Extension for EDI Implementation		
3.4.3	Extension	Extension for EDI Implementation		
3.4.4	Extension	Extension for EDI Implementation		
4.3.60	Waiver	Requirement for multi-factor authentication.		

Forms of Service Agreements

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT

Agreement No: _____

FIRM TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

Between

TRANSCOLORADO GAS TRANSMISSION COMPANY LLC
And

(Shipper)

DATED: _____

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Agreement)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
(Continued)

Agreement No. _____

Transportation Service Agreement
Rate Schedule FT

Dated: _____

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: TransColorado Gas Transmission Company LLC
2. Shipper: _____
3. Applicable Tariff and Incorporation by Reference: TransColorado’s FERC Gas Tariff Third Revised Volume No. 1, as the same may be amended or superseded from time to time (“Tariff”). This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Transportation Service: Transportation Service at and between Primary Receipt and Delivery Point(s) shall be on a firm basis. Receipt and delivery of quantities at alternate receipt point(s) and/or alternate delivery point(s) shall be in accordance with the Tariff.

(Insert the applicable portion(s) of the following provision when service involves the construction of facilities:

The parties recognize that Transporter must construct additional facilities in order to provide Transportation Service for Shipper under this Agreement. Parties agree that on in-service date the following provisions no longer apply. Transporter's obligation under this Agreement are subject to:

- (i) The receipt and acceptance by TransColorado of a FERC certificate for the additional facilities, as well as the receipt by TransColorado of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to TransColorado in its sole discretion.
- (ii) The approval of the appropriate management, management committee, and/or board of directors of TransColorado and/or its parent companies to approve the level of expenditures for the additional facilities.
- (iii) _____.)

- 6. Receipt and Delivery Points: Shipper agrees to tender gas for transportation service and TransColorado agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. TransColorado agrees to provide transportation service and deliver gas to Shipper (or for Shipper's account) at the primary delivery point(s) identified in Exhibit A. Minimum and maximum receipt and delivery pressures, as applicable, are listed on Exhibit A.
- 7. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. TransColorado and Shipper may mutually agree to a discounted rate pursuant to Section 29 of the General Terms and Conditions. Upon mutual agreement, the parties may also enter into a separate letter agreement or an electronic contract specifying any discount applicable to the Agreement.
- 8. Negotiated Rate: Yes _____ No _____
- 9. Contract Demand:
(Dth/d) Effective Date
_____ _____
- 10. Term of Firm Transportation Service: _____
[Insert term of service including any (i) construction contingencies, (ii) extension rights such as an evergreen or rollover provision, (iii) contractual rights of first refusal, (iv) interim capacity limitations and/or (v) related termination provisions, as applicable.]
- 11. Notices, Statements, and Bills:
To Shipper:
 Invoices:

 Attn: _____

 All Notices: _____

 Attn: _____

To Transporter:
 TransColorado Gas Transmission Company LLC
 Attn: Marketing Department
 P.O. Box 1087
 Colorado Springs, Colorado 80944
 E-mail: #KMWestMarketing@KinderMorgan.com
- 12. Effect on Prior Agreement(s): _____
- 13. Governing Law: TransColorado and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:
TRANSCOLORADO GAS TRANSMISSION
COMPANY LLC

SHIPPER:

Accepted and agreed to this
_____ day of _____, _____

Accepted and agreed to this
_____ day of _____, _____

Agreement No. _____

EXHIBIT A

to

FIRM TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

Between

TransColorado Gas Transmission Company LLC
(Transporter)

and

(Shipper)

Dated: _____

- The following data elements shall be described on this Exhibit A, as applicable:
- Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name) (1)
 - Primary Delivery Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name) (1)
 - Effective Dates
 - Maximum Daily Receipt Quantity (MDRQ) (Dth per Day) (2)
 - Maximum Daily Delivery Quantity (MDDQ) (Dth per Day) (3)
 - Minimum Pressure (p.s.i.g.) (4)
 - Maximum Pressure (p.s.i.g.) (4)

Shipper's Contract Demand: _____
Notes [Insert as applicable]:

- (1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on TransColorado's Interactive Website. TransColorado shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by TransColorado.
- (2) Each receipt point quantity may be increased by an amount equal to TransColorado's FL&U reimbursement. Shipper shall be responsible for providing such FL&U reimbursement at each receipt point on a pro rata basis based on the quantities received on any Day at a receipt point divided by the total quantity delivered at all delivery points under this Agreement.
- (3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's Contract Demand.
- (4) Pressure conditions shall be in accordance with Section 10.16 of the General Terms and Conditions of the Tariff.

Agreement No. ____

EXHIBIT B

to

FIRM TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

Between

TransColorado Gas Transmission Company LLC
(Transporter)

and

(Shipper)

Dated: _____

- The following data elements shall be described on this Exhibit B, as applicable:
- Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name)
 - Primary Delivery Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name)
 - Reservation Rate (1)(4)
 - Usage Rate (1)(4)
 - Effective Dates
 - Fuel (2)
 - Surcharges (3)
 - Alternate Receipt Point(s)
 - Alternate Delivery Point(s)
 - Authorized Overrun (1) (5)

Notes [Insert as applicable]:

(1) Unless otherwise agreed by the parties in writing, the rates for service shall be TransColorado's maximum rates for service under Rate Schedule FT or other superseding Rate Schedules; as such rates may be changed from time to time. Reservation rate(s) shall be payable regardless of quantities transported.

-and/or-

[Insert for discount rate(s), as necessary (e.g., 1(a), 1(b), etc.)

As provided in Section 29 of the General Terms and Conditions of TransColorado's Tariff, the parties agree to the following discount rate(s) _____ (insert if applicable) which shall be payable regardless of quantities transported. The rate(s) charged under this Agreement shall not be less than the minimum, nor greater than the maximum rate provided in TransColorado's Tariff.

EXHIBIT B
(Continued)

-and/or-

[Insert for negotiated rate(s), as necessary (e.g. 1(a), 1(b), etc.)

As provide in Section 23 of the General Terms and Conditions of TransColorado's Tariff, the parties agree to the following negotiated rate(s)_____(insert if applicable) which shall be payable regardless of quantities transported.

(2) FL&U reimbursement shall be assessed pursuant to Rate Schedule FT of TransColorado's Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(3) Surcharges if applicable:

All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed to by the parties

ACA:

The ACA Surcharge shall be assessed pursuant to Section 24 of the General Terms and Conditions of the Tariff.

(4) Quantities scheduled by Transporter from/to primary and/or alternate, and/or segmented point(s) on any acquired capacity held by TransColorado shall be subject to the Acquired Capacity charges as described on TransColorado's Interactive Website and/or pursuant to Section 27 of the General Terms and Conditions of TransColorado's Tariff.

(5) Subject to Transporter's authorized maximum and minimum rates in effect from time to time, a rate of \$___ per Dth shall apply to Authorized Overrun of up to ___Dth per Day.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE IT

Agreement No: _____

INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE IT

Between

TRANSCOLORADO GAS TRANSMISSION COMPANY LLC

And

(Shipper)

DATED: _____

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Agreement)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE IT

Agreement No. _____

Transportation Service Agreement
Rate Schedule IT
Dated: _____

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: TransColorado Gas Transmission Company LLC
2. Shipper: _____
3. Applicable Tariff and Incorporation by Reference: TransColorado’s FERC Gas Tariff Third Revised Volume No. 1, as the same may be amended or superseded from time to time (“Tariff”). Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of TransColorado, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Transportation Service: Transportation service at and between receipt point(s) and delivery point(s) shall be on an interruptible basis.

Receipt and Delivery Points: System- wide
All receipt and delivery point(s) as posted on TransColorado’s Interactive Website.

TransColorado’s receipt and delivery point(s) shall be updated from time to time to add or delete receipt or delivery point(s) and to modify data pertinent to receipt and delivery point(s), all as deemed appropriate by TransColorado.

6. Rates and Surcharges: As set forth in Exhibit A. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. TransColorado and Shipper may mutually agree to a discounted rate pursuant to Section 29 of the General Terms and Conditions. Upon mutual agreement, the parties may also enter into a separate letter agreement or an electronic contract specifying any discount applicable to the Agreement.
7. Daily Quantity:
Dth/day: _____ Effective Dates: _____
8. Negotiated Rate: Yes _____ No _____
9. Term of Interruptible Transportation Service: _____
[Insert term of service including any (i) extension rights such as an evergreen or rollover provision; and (ii) related termination provisions, as applicable.]

10. Notices, Statements, and Bills:

To Shipper:

Invoices: _____

Attn: _____

All Notices: _____

Attn: _____

To Transporter:

TransColorado Gas Transmission Company LLC

Attn: Marketing Department

P.O. Box 1087

Colorado Springs, Colorado 80944

E-mail: #KMWestMarketing@KinderMorgan.com

11. Effect on Prior Agreement(s): _____

12. Governing Law: TransColorado and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:
TRANSCOLORADO GAS TRANSMISSION
COMPANY LLC

SHIPPER:

Accepted and agreed to this
_____ day of _____, _____

Accepted and agreed to this
_____ day of _____, _____

Agreement No. ____

EXHIBIT A

To

INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE IT

Between

TransColorado Gas Transmission Company LLC
(Transporter)

and

(Shipper)

Dated: _____

The following data elements shall be described on this Exhibit A, as applicable:

- Usage Rate (1)
- Effective Dates
- Fuel (2)
- Surcharges (3)

Notes [Insert as applicable]:

(1) Unless otherwise agreed by the parties in writing, the rates for service shall be Transporter's maximum rates for service under Rate Schedule IT or other superseding Rate Schedule; as such rates may be changed from time to time.

-and/or-

[Insert for discount rate(s), as necessary (e.g., 1(a), 1(b), etc.)]

As provided in Section 29 of the General Terms and Conditions of TransColorado's Tariff, the parties agree to the following discount rate(s) _____. The rate(s) charged under this Agreement shall not be less than the minimum, nor greater than the maximum rate provided in TransColorado's Tariff.

-and/or-

[Insert for negotiated rate(s), as necessary (e.g. 1(a), 1(b), etc.)]

As provide in Section 23 of the General Terms and Conditions of TransColorado's Tariff, the parties agree to the following negotiated rate(s) _____.

(2) FL&U reimbursement shall be assessed pursuant to Rate Schedule IT of TransColorado's Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.

(3) Surcharges, if applicable:

All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed to by the parties.

ACA:

The ACA Surcharge shall be assessed pursuant to Section 24 of the General Terms and Conditions of the Tariff.

Reserved

FORM OF PARK AND LOAN SERVICE AGREEMENT

APPLICABLE TO RATE SCHEDULE PALS

Agreement No: _____

PARK AND LOAN SERVICE AGREEMENT

RATE SCHEDULE PALS

Between

TRANSCOLORADO GAS TRANSMISSION COMPANY LLC

And

(Shipper)

DATED: _____

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Agreement)

FORM OF PARK AND LOAN SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE PALS

Agreement No. _____

PARK AND LOAN SERVICE AGREEMENT
Rate Schedule PALS

Dated: _____

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: TransColorado Gas Transmission Company LLC
2. Shipper: _____
3. Applicable Tariff and Incorporation by Reference: TransColorado’s FERC Gas Tariff Third Revised Volume No. 1, as the same may be amended or superseded from time to time (“Tariff”). This Agreement and the associated Park and Loan Service Request Order(s) (“PALS RO”) in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by the FERC, as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. TransColorado shall have the right to propose to the FERC changes in its rates and terms of service as it deems necessary, and this Agreement and the associated PALS RO(s) shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Parking and Lending Service: Upon execution of a PALS Agreement, execution of a PALS RO, and approval by TransColorado, TransColorado may:
 - a) hold (park) the quantity nominated to be parked for Shipper’s account at the designated point(s) on the designated date(s) specified in Shipper’s PALS RO upon approval from TransColorado and withdraw such quantity at the same point(s) on the designated date(s) in the PALS RO.
 - b) advance (loan) quantities of natural gas nominated by Shipper at the point(s) on the designated date(s) as specified by Shipper in a PALS RO and approved by TransColorado. Upon TransColorado’s receipt of a PALS RO and approval of the transaction, Shipper shall pay back such advanced quantities on the designated date(s) at the same point(s) where the loan occurred as set forth in the PALS RO.
6. Rates and Surcharges: As set forth in the PALS RO.
7. Maximum Aggregate Quantity (MAQ): _____ (On any day, the total of all MAQ RO(s) can never exceed this quantity.)
 Maximum Daily Quantity (MDQ): _____ (The total of all MDQ RO(s) can never exceed this quantity.)

8. Term of Park and Loan Service: _____

This Agreement shall continue in full force and effect Month to Month thereafter unless terminated by written notice from one Party to the other upon 30-Day written notice. (Use only when applicable.)

9. Contact Information:

To Shipper:
Invoices: _____

Attn: _____

All Notices: _____

Attn: _____

To Transporter:
TransColorado Gas Transmission Company LLC
Attn: Marketing Department
P.O. Box 1087
Colorado Springs, Colorado 80944
E-mail: #KMWestMarketing@KinderMorgan.com

10. Effect on Prior Agreement(s): _____

11. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:
TransColorado Gas Transmission
Company LLC

SHIPPER: _____

Accepted and agreed to this
_____ day of _____, _____

Accepted and agreed to this
_____ day of _____, _____

Request Order No. _____

PARK and LOAN SERVICE REQUEST ORDER ("PALS RO")
Related to
RATE SCHEDULE PALS

between

TRANSCOLORADO GAS TRANSMISSION COMPANY LLC
and

(Shipper)

DATED: _____

1. PALS Agreement No: _____ Type of Service: Park _____ Loan _____
2. MAQ RO: ____ (Dth)
3. Initiation Points Name(s) and PIN(s) _____
Completion Point Name(s) and PIN(s) _____
4. Schedule:

Date(s) Service to be Provided (May Reflect a Range of Dates)		Park or Loan Payback		Daily Quantity (Dth) (May Reflect a Range of Volumes)	
From	Through	Minimum	Maximum	Minimum	Maximum
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Notwithstanding anything herein, the term hereof shall not extend beyond the term of the related Park and Loan Service Agreement as designated in paragraph 1.

5. Park and Loan Rates: Unless otherwise agreed by the parties in this PALS RO, the Park and Loan rates for service shall be TransColorado's then effective maximum rates for service under Rate Schedule PALS or other superseding Rate Schedule, as such rates may be changed from time to time. Pursuant to this PALS RO or Rate Schedule PALS, a discount as permitted by GT&C Section 29 may apply. Additionally, the Parties to this PALS RO may agree to a negotiated rate pursuant to GT&C Section 23. Rates may vary based on quantity, time period, etc.

TransColorado Gas Transmission Company LLC

FERC Gas Tariff
Third Revised Volume No. 1

Service Request Order - PALS
Section Version: 2.0.0

<u>From</u>	<u>Through</u>	<u>Rate Description</u>	<u>Rate</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

6. Negotiated Rate: Yes _____ No _____

7. Notices, Statements, and Bills:

To Shipper: _____

Attn: _____

Invoices: _____

All Notices: _____

Attn: _____

To Transporter:

TransColorado Gas Transmission Company LLC

Attn: Marketing

P.O. Box 1087

Colorado Springs, Colorado 80944

E-mail: #KMWestMarketing@KinderMorgan.com

8. Other Conditions (i.e., extension rights and/or additional discount provisions, if applicable): _____

IN WITNESS WHEREOF, the Parties have executed this PALS RO. This PALS RO may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

Transporter: TransColorado Gas Transmission Company LLC

Name: _____

Title: _____

Date: _____

Shipper Name: _____

Name: _____

Title: _____

Date: _____

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Agreement.)

FORM OF TRANSPORTATION SERVICE AGREEMENT

APPLICABLE TO RATE SCHEDULE FFT

Agreement No: _____

FLEXIBLE FIRM TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FFT

Between

TRANSCOLORADO GAS TRANSMISSION COMPANY LLC

And

(Shipper)

DATED: _____

(Placement of text on page, number of pages, format, numbering of paragraphs, sections and footnotes, capitalization, headings and font may vary from Pro Forma to Agreement)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FFT

Agreement No. _____

Transportation Service Agreement

Rate Schedule FFT

Dated: _____

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: TransColorado Gas Transmission Company LLC
2. Shipper: _____
3. Applicable Tariff and Incorporation by Reference: TransColorado’s FERC Gas Tariff Third Revised Volume No. 1, as the same may be amended or superseded from time to time (“Tariff”). This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. TransColorado shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper’s right to protest the same.
5. Transportation Service: Transportation service at and between Primary Receipt and Delivery Point(s) shall be on a firm basis. Receipt and delivery of quantities at alternate receipt point(s) and/or alternate delivery point(s) shall be in accordance with the Tariff.

(Insert the applicable portion(s) of the following provision when service involves the construction of facilities:

The parties recognize that TransColorado must construct additional facilities in order to provide transportation service for Shipper under this Agreement. Parties agree that on in-service date the following provisions no longer apply. TransColorado’s obligation under this Agreement are subject to:

- (i) The receipt and acceptance by TransColorado of a FERC certificate for the additional facilities, as well as the receipt by TransColorado of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to TransColorado in its sole discretion.
- (ii) The approval of the appropriate management, management committee, and/or board of directors of Transporter and/or its parent companies to approve the level of expenditures for the additional facilities.
- (iii) _____.)

6. Receipt and Delivery Points: Shipper agrees to tender gas for transportation service and TransColorado agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. TransColorado agrees to provide transportation service and deliver gas to Shipper (or for Shipper's account) at the primary delivery point(s) identified in Exhibit A. Minimum and maximum receipt and delivery pressures, as applicable, are listed on Exhibit A.

7. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. TransColorado and Shipper may mutually agree to a discounted rate pursuant to Section 29 of the General Terms and Conditions. Upon mutual agreement, the parties may also enter into a separate letter agreement or an electronic contract specifying any discount applicable to the Agreement.

8. Negotiated Rate: Yes _____ No _____

9. Contract Demand:
(Dth/day) Effective Date

10. Term of Flexible Firm Transportation Service: _____
[Insert term of service including any (i) construction contingencies, (ii) extension rights such as an evergreen or rollover provision, (iii) contractual rights of first refusal, (iv) interim capacity limitations, and/or (v) related termination provisions, as applicable.]

11. Available Days:
An Available Day, as described in TransColorado's Tariff, shall be _____

_____ Minimum Available Days

_____ Maximum Available Days

_____ Applicable Time Periods

_____ Any Days Precluded from Being Available Days?
 _____ No
 _____ Yes, Specify Days So Precluded _____

12. Type and Timing of Notice:

_____ Notice of Available Days and partial Available Days

_____ Notice of Not Available Days or partial Available Days
Specify when Notice Requested:

_____ No later than 2.5 hours prior to deadline for timely nominations

_____ No later than other specific time prior to deadline for timely nominations: _____

13. Notices, Statements, and Bills:

To Shipper:

Invoices: _____

Attn: _____

All Notices: _____

Attn: _____

To Transporter:

TransColorado Gas Transmission Company LLC

Attn: Marketing Department

P.O. Box 1087

Colorado Springs, Colorado 80944

E-mail: #KMWestMarketing@KinderMorgan.com

14. Effect on Prior Agreement(s): _____

15. Governing Law: TransColorado and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:
TRANSCOLORADO GAS TRANSMISSION
COMPANY LLC

SHIPPER:

Accepted and agreed to this
_____ day of _____, _____

Accepted and agreed to this
_____ day of _____, _____

Agreement No. ____

EXHIBIT A

To

Transportation Service Agreement

Rate Schedule FFT

Between

TransColorado Gas Transmission Company LLC

and

(Shipper)

Dated: _____

The following data elements shall be described on this Exhibit A, as applicable:

Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name) (1)

Primary Delivery Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name) (1)

Effective Dates

Maximum Daily Receipt Quantity ("MDRQ") (Dth per Day) (2)

Maximum Daily Delivery Quantity ("MDDQ") (Dth per Day) (3)

Minimum Pressure (p.s.i.g.) (4)

Maximum Pressure (p.s.i.g.) (4)

Available Days (See ¶____)

Shipper's Contract Demand: _____

Notes [Insert as applicable]:

- (1) TransColorado's receipt and delivery point(s) shall be updated on the Interactive Website from time to time to add or delete receipt or delivery point(s) and to modify data pertinent to receipt and delivery point(s), all as deemed appropriate by TransColorado.
- (2) Each receipt point quantity may be increased by an amount equal to TransColorado's FL&U reimbursement percentages. Shipper shall be responsible for providing such FL&U reimbursement at each receipt point on a pro rata basis based on the quantities received on any Day at a receipt point divided by the total quantity delivered at all delivery points under this Agreement.
- (3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.
- (4) Pressure conditions shall be in accordance with Section 10.16 of the General Terms and Conditions of the Tariff.

Agreement No. _____

EXHIBIT B

To

Transportation Service Agreement
Rate Schedule FFT
Between
TransColorado Gas Transmission Company LLC
and

(Shipper)

Dated: _____

The following data elements shall be described on this Exhibit B, as applicable:

- Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name)
- Primary Delivery Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name)
- Reservation Rate (1)(4)
- Usage Rate (1)(4)
- Effective Dates
- Fuel (2)
- Surcharges (3)
- Alternate Receipt Point(s)
- Alternate Delivery Point(s)
- Authorized Overrun (1) (5)
- Available Days (See ¶____)

Notes [Insert as applicable]:

(1) Unless otherwise agreed by the Parties in writing, the rates for service shall be TransColorado’s maximum rates for service under Rate Schedule FFT; as such rates may be changed from time to time. Reservation rate(s) shall be payable regardless of quantities transported.

-and/or-

[Insert for discount rate(s), as necessary (e.g., 1(a), 1(b), etc.)
As provided in Section 29 of the General Terms and Conditions of TransColorado’s Tariff, the parties agree to the following discount rate(s)_____ (insert if applicable) which shall be payable regardless of quantities transported. The rates charged under this Agreement shall not be less than the minimum, nor greater than the maximum rate provided in TransColorado’s Tariff.

-and/or-

[Insert for negotiated rate(s), as necessary (e.g. 1(a), 1(b), etc.)

As provide in Section 23 of the General Terms and Conditions of TransColorado's Tariff, the parties agree to the following negotiated rate(s)_____ (insert if applicable) which shall be payable regardless of quantities transported.

(2) FL&U reimbursement shall be assessed pursuant to Rate Schedule FFT of TransColorado's Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.

(3) Surcharges, if applicable:

All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties

ACA:

The ACA Surcharge shall be assessed pursuant to Section 24 of the General Terms and Conditions of the Tariff.

(4) Quantities scheduled by TransColorado from/to primary and/or alternate, and/or segmented point(s) on any acquired capacity held by TransColorado shall be subject to the acquired capacity charges as described on TransColorado's Interactive Website and/or pursuant to Section 27 of the General Terms and Conditions of TransColorado's Tariff.

(5) Subject to TransColorado's authorized maximum and minimum rates in effect from time to time, a rate of \$___ per Dth shall apply to Authorized Overrun of up to ___Dth per Day.

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**TransColorado Gas Transmission Company
LLC
Third Revised Volume No. 1
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