FERC GAS TARIFF

ORIGINAL VOLUME NO. 1

of

RUBY PIPELINE, L.L.C.

Communications regarding this Tariff should be addressed to:

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Ruby Pipeline, L.L.C.
P. O. Box 1087
Colorado Springs, CO  80944

2 North Nevada
Colorado Springs, CO  80903

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Facsimile:  (719) 520-4697
E-mail:  william_wible@kindermorgan.com
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Issued on: December 17, 2019  
Effective on: January 17, 2020
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Section 13  Pacific Gas and Electric Company #61014000
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Section 15  Shell Energy North America (US), L.P. #61004000A
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Section 17  Cascade Natural Gas Corporation #61036000A

List of Non-Conforming Agreements:
Anadarko Energy Services Company #61010000
Berry Petroleum Company #61007000
Berry Petroleum Company #61008000
Berry Petroleum Company #61016000
Bill Barrett Corporation #61002000
BP Energy Company #61006000
Cascade Natural Gas Corporation #61036000A
J. Aron & Company #61013000A
Marathon Oil Company #61012000
Occidental Energy Marketing, Inc. #61015000
Pacific Gas and Electric Company #61009000
Pacific Gas and Electric Company #61014000
Pioneer Natural Resources USA, Inc. #61003000A
Shell Energy North America (US), L.P. #61004000A
Shell Energy North America (US), L.P. #61005000A
Ursa Piceance LLC #61001000

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PRELIMINARY STATEMENT

Ruby Pipeline, L.L.C. hereinafter referred to as "Transporter," is a "natural gas company" as defined by the Natural Gas Act (52 Stat. 821, 15 U.S.C. Section 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, "Transporter" shall not include any affiliates of Ruby Pipeline L.L.C.

Transporter is organized and existing under the laws of the state of Delaware. Transporter provides transportation service to Shippers that have executed a Transportation Service Agreement ("TSA") in the form contained in this Tariff.

Transporter's transmission facilities are located between the Opal Hub in Lincoln County, Wyoming and the Malin Hub in Lake County, Oregon near California’s northern border.

This Federal Energy Regulatory Commission Gas Tariff, Original Volume No. 1, includes a statement of rates, rate schedules, general terms and conditions, and forms of service agreements for firm and interruptible transportation service provided by Transporter according to 18 C.F.R. Part 284, Subparts B and G.
Transporter’s system map can be found using:


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

Payments:

Payments are subject to the terms and conditions of this Tariff including but not limited to Section 12 of the GT&C.

Wire Funds To:
Ruby Pipeline, L.L.C.
(See the address and account number identified on the invoice.)

Notices:

Any notice provided for in a TSA or in this Tariff shall be in writing and shall be considered as having been given if hand carried, faxed, e-mailed, or mailed by United States mail, postage prepaid, to the following addresses:

Ruby Pipeline, L.L.C.
P. O. Box 1087
Colorado Springs, Colorado  80944
Attention:  Marketing Department
Fax No. (719) 520-4878
Telephone No. (719) 520-4250 or (719) 667-7528
E-Mail:  #KMWestMarketing@KinderMorgan.com

Nominations:

Nominations are subject to the terms and conditions of this Tariff, including but not limited to Section 6 of the GT&C.

Ruby Pipeline, L.L.C.
P. O. Box 1087
Colorado Springs, Colorado  80944
Attention:  Transportation/Storage Services Department
Fax No. (719) 520-4698
Telephone No. (800) 238-3764
Formal Complaints:

Ruby Pipeline, L.L.C.
P. O. Box 1087
Colorado Springs, Colorado 80944
Attention: Vice President, Regulatory

Informal Complaints:

Vice President, Regulatory
(719) 520-3778
STATEMENT OF RATES

Section 1  Service Rates
Section 2  Fuel and L&U Rates
Section 3  Footnotes
<table>
<thead>
<tr>
<th>Service Type</th>
<th>FT</th>
<th>IT</th>
<th>SS-1</th>
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<tbody>
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<td><strong>LONG-TERM SERVICE: 1/6/</strong></td>
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<tr>
<td>Monthly Reservation Rate</td>
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<td>Unauthorized Daily Overrun Rate</td>
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<tr>
<td>Unauthorized Hourly Scheduling Rate</td>
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# STATEMENT OF RATES

## Rates Per Dth

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<td><strong>4 Month Peak Option:</strong></td>
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<td><strong>Peak Rates:</strong></td>
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<tr>
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<td>Unauthorized Hourly Scheduling Rate</td>
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Issued on: July 30, 2020

Effective on: September 1, 2020
### STATEMENT OF RATES

Rates Per Dth

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<td>Commodity Rate</td>
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<td>Maximum Rate</td>
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<td>Minimum Rate</td>
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<tr>
<td>Minimum Rate</td>
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</table>

| Unauthorized Daily Overrun Rate | 2/ |
| Unauthorized Hourly Scheduling Rate | $ 1.7154 |

| Off-Peak Rates:          |     |      |         |
| Monthly Reservation     |     |      |         |
| Maximum Rate            | $28.8189 |      |         |
| Minimum Rate            | $ 0.0000 |      |         |
| Commodity Rate          |     |      |         |
| Maximum Rate            | $ 0.0100 | $ 0.9574 | $ 1.1469 |
| Minimum Rate            | $ 0.0100 | $ 0.0100 | $ 0.0100 |

| Authorized Daily Overrun Rate |     |      |         |
| Maximum Rate                | $ 0.9574 |      |         |
| Minimum Rate                | $ 0.0100 |      |         |

| Unauthorized Daily Overrun Rate | 2/ |
| Unauthorized Hourly Scheduling Rate | $ 0.9574 |

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## Short-Term Service (1/6)

### 2 Month Peak Option:

#### Peak Rates:
- **Monthly Reservation**
  - **Maximum Rate**: $51.8740
  - **Minimum Rate**: $0.0000

#### Commodity Rate
- **Maximum Rate**: $0.0100
- **Minimum Rate**: $0.0100

#### Authorized Daily Overrun Rate
- **Maximum Rate**: $1.7154
- **Minimum Rate**: $0.0100

#### Unauthorized Daily Overrun Rate
- **Minimum Rate**: $1.7154

### Off-Peak Rates:
- **Monthly Reservation**
  - **Maximum Rate**: $31.1244
  - **Minimum Rate**: $0.0000

#### Commodity Rate
- **Maximum Rate**: $0.0100
- **Minimum Rate**: $0.0100

#### Authorized Daily Overrun Rate
- **Maximum Rate**: $1.0332
- **Minimum Rate**: $0.0100

#### Unauthorized Daily Overrun Rate
- **Minimum Rate**: $1.0332

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## STATEMENT OF RATES

**Rates Per Dth**

### SHORT-TERM SERVICE 1/6

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**Issued on:** July 30, 2020  
**Effective on:** September 1, 2020
## STATEMENT OF RATES

**Rates Per Dth**

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<tr>
<th>Rate Schedule</th>
<th>PAL</th>
<th>Initial Rate</th>
<th>Park/Loan Balance Rate</th>
<th>Completion Rate</th>
<th>Authorized Daily Overrun Rate</th>
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**Issued on:** July 30, 2020  
**Effective on:** September 1, 2020
**STATEMENT OF RATES**

Rates Per Dth

**OTHER CHARGES**

<table>
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<th>Description</th>
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<td>Transporter’s Equity Return and Taxes Percentage</td>
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Effective on: September 1, 2020
STATEMENT OF RATES

FUEL AND L&U CHARGES

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<tr>
<td>L&amp;U Percentage</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Issued on: July 30, 2020
Effective on: September 1, 2020
STATEMENT OF RATES

FOOTNOTES

1/ For Capacity Release transactions only, Transporter has adopted the following NAESB WGQ standards. On the bidding formats, the number of decimal places for offers, bids and awards should be equal to the number of decimal places in the stated rates per pipeline rate schedule (NAESB WGQ Standard 5.3.21). Converting a daily rate to a monthly rate is accomplished by multiplying the daily rate times the number of Days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by the number of Months in the rate period; dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB WGQ Standard 5.3.22). Furthermore, for capacity release purposes, all Tariff rates should be adjusted to reflect a standard calculation of daily and monthly rates (NAESB WGQ Standard 5.3.23).

2/ Unauthorized Daily Overrun Rate
   On quantities less than 3% of MDQ: Applicable authorized overrun rate
      Equal to or >3% of MDQ (Non-Cautionary Condition) 2 times applicable authorized overrun rate
      Equal to or >5% of MDQ (Cautionary Condition) 5 times Cash Out Index Price

3/ Pursuant to Section 17 of the GT&C, the applicable ACA surcharge may be found on the Commission website at http://www.ferc.gov.

4/ Fuel and L&U reimbursement percentages will be updated pursuant to GT&C Section 13.

5/ EPC reimbursement rates will be updated pursuant to GT&C Section 28.

6/ If zero peak Months are designated pursuant to GT&C Section 30, the rates for Long-Term Firm service shall apply.
## RATE SCHEDULES

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<tr>
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<td>Section 5</td>
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</tr>
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</table>
1. AVAILABILITY

   1.1 This Rate Schedule is available for transportation service by Ruby Pipeline, L.L.C. (hereinafter called Transporter), for any person (hereinafter called Shipper) when Shipper desires firm transportation service and:

   (a) Transporter has determined that (other than such new taps, valves, measurement equipment, and other minor facilities that may be required at the receipt or delivery point(s) to effect Gas receipt or delivery) it has available or will secure sufficient uncommitted capacity to provide the service requested by Shipper as well as all of its other firm service commitments;

   (b) Shipper has made a valid request pursuant to the requirements of Section 4 of the GT&C of this Tariff;

   (c) Shipper has satisfied the creditworthiness requirements of Section 4.12 of the GT&C of this Tariff; and

   (d) Shipper has executed a firm TSA pursuant to the terms of this Rate Schedule in the form attached to this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

   2.1 Transportation service up to Shipper's MDQ shall be considered firm and not subject to a prior claim by another Shipper or another class of service under a pre-existing contract, TSA or certificate.

   2.2 Transporter shall not be required to provide transportation service if the quantities tendered are so small as to cause operational difficulties, such as measurement. (See, Section 4.1 of the GT&C.) Transporter shall promptly notify Shipper if such operating conditions precluding service exist.

   2.3 Rates of Flow. Unless otherwise agreed, at each receipt and delivery point, each Party shall flow, or cause to flow, Gas at the rates of flow as specified below.

   (a) At each delivery point, quantities delivered for Shipper's account shall not exceed, on an Hourly basis, 1/24th of scheduled daily quantities. Transporter may from time to time on a not unduly discriminatory basis permit reasonable operating variations that do not adversely affect other Shippers or pipeline operations; provided, however, that such variations shall not be considered a firm delivery right.
2.3 Rates of Flow (continued)

(b) At each receipt point, Transporter may from time to time on a not unduly discriminatory basis permit reasonable operating variations greater than 1/24th of scheduled daily quantities that do not adversely affect other shippers or pipeline operations; provided, however, such variations shall not be considered a firm right.

(c) Except as otherwise provided in the Tariff, Shipper must balance its daily receipts and its daily deliveries at the end of each Gas Day.

2.4 This service shall be subject to the flexible receipt and delivery point and segmentation provisions of Section 8, the imbalance management provisions of Section 10, and the capacity release requirements specified in Section 9 of the GT&C.

2.5 Winter-time only service may be provided under this rate schedule during the Months of November through April, subject to ambient temperatures affording the hydraulic efficiencies to warrant such service offering. Available winter-time only capacity will be posted on Transporter’s EBB.

2.6 Long-Term Firm service under this Rate Schedule is available for a term of greater than or equal to one year. Short-Term Firm service under this rate schedule is available for a term of less than one year. Long-Term Firm shippers are eligible for a regulatory right of first refusal pursuant to Section 4.9 of the GT&C. Short-Term Firm shippers (less than one year) are not eligible for a regulatory right of first refusal pursuant to Section 4.9 of the GT&C.

2.7 Flow day diversions, pursuant to Section 6.6 of the GT&C, are available to Rate Schedule FT Shippers.

3. TRANSPORTATION SERVICE CHARGES

3.1 Applicable Rates. The applicable rates for service hereunder shall be, subject to the other provisions hereof, the rates agreed to by Transporter and Shipper as set forth in the TSA.

(a) Reservation Charge. Each Month Shipper shall be charged a reservation charge determined by multiplying the reservation rate(s) set forth in the TSA by Shipper's MDQ. Shipper shall begin paying the reservation charge on the date provided for in the TSA.

(b) Commodity Charge. Each Month, Shipper shall be charged an amount obtained by multiplying the Commodity Rate(s) set forth in the TSA by the total quantity of Gas in Dths delivered (exclusive of any overrun Gas) each Day of the Month by Transporter to Shipper at the delivery point(s).
3.1 Applicable Rates (continued)

(c) Backhaul Charge. Shipper shall be charged applicable forward haul rates (i.e., the Rate Schedule FT recourse rate unless discounted pursuant to Section 3.2 of Rate Schedule FT) when the transportation service rendered by Transporter is Backhaul.

(d) Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Transporter may, on a non-discriminatory basis, require Shipper to pay for such facilities. The parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities over a period of time agreed to by Shipper and Transporter. The incremental facility charge will reflect, as appropriate all of Transporter’s capital costs associated with such facilities, including related income taxes and all other taxes, and if applicable, associated operating and maintenance costs, plus interest as agreed to by the parties if the Shipper elects to reimburse Transporter for the facilities over a period of time. If a contribution in aid of construction (CIAC) is paid by the Shipper in accordance with the construction of facilities agreement and such transaction is determined to be taxable, it shall be increased by an amount (Tax Reimbursement) to compensate for the related income tax effects thereof, according to the following formula:

\[
\text{Tax Reimbursement} = \left[\text{Tax Rate} \times (\text{CIAC} - \text{Present Value of Tax Depreciation})\right] \times \left[1 + \left\{\frac{\text{Tax Rate}}{1 - \text{Tax Rate}}\right\}\right]
\]

Transporter may, on a non-discriminatory basis, pay for new minor facilities, if the revenue generated by the new service provides adequate cost recovery with respect to the facilities.

(e) Other Charges and Surcharges. Transporter shall charge Shipper and Shipper shall pay for any other FERC-approved charges and surcharges that apply to service under this Rate Schedule.

(f) Third Party Charges for Off-System Capacity: Shipper may, on a non-discriminatory basis, be required to pay to Transporter, if applicable, any Third Party Charges in accordance with Section 4.6 of the GT&C. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system capacity.

3.2 Adjustment of Rates.

(a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of the TSA.
3.2 Adjustment of Rates (continued)

(b) Subject to the terms of the TSA, Transporter reserves the right to prescribe and/or adjust at any time and on a non-discriminatory basis any of the rates applicable to service under any individual TSA pursuant to Section 4.13 of the GT&C without adjusting any other rates for service under other TSAs; provided, however, that such adjusted rate(s) shall not exceed the applicable maximum recourse rate(s) nor shall they be less than the applicable minimum recourse rate(s), set forth on the Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term for such discounted rate specified in the TSA, the rate for Transportation service shall revert to the maximum rate under this Rate Schedule.

(c) Notwithstanding anything to the contrary contained in this Rate Schedule or in the Tariff, Transporter and Shipper may, as provided in Section 4.14 of the GT&C of the Tariff, negotiate a rate for service under this Rate Schedule. The minimum and maximum rates in the Statement of Rates shall not be applicable to service provided pursuant to such negotiated rates.

4. FUEL

4.1 In addition to the other payments made pursuant to this Rate Schedule, Shipper shall provide and be responsible for providing FL&U in-kind for the transportation of Natural Gas pursuant to Shipper's TSA. FL&U will be calculated pursuant to Section 13 of the GT&C.

5. ELECTRIC POWER COSTS

5.1 In addition to the other payments made pursuant to this Rate Schedule, Shipper shall be charged each Month the EPC for the transportation of Natural Gas pursuant to Shipper's TSA. The EPC will be calculated pursuant to Section 28 of the GT&C.

6. OVERRUN TRANSPORTATION

6.1 Authorized Daily Overrun Transportation. On any Day, upon request of Shipper and with Transporter's consent, Shipper may nominate and Transporter may schedule authorized daily overrun quantities above the MDQ. All such quantities shall be referred to as authorized daily overrun quantities and transported on an interruptible basis. Unless otherwise agreed, Shipper shall pay an amount obtained by multiplying such authorized daily overrun quantities delivered by Transporter to Shipper or for Shipper's account, at each delivery point(s) or transported on any Segment during the Month by the maximum Authorized Daily Overrun Rate stated on the Statement of Rates. An authorized daily overrun quantity shall not be subject to more than one Authorized Daily Overrun Rate.
6.2 Unauthorized Daily Overrun Transportation. On any Day, any Gas quantity that exceeds Shipper's MDQ and which has not been authorized and scheduled by Transporter is unauthorized. All such quantities shall be referred to as unauthorized daily overrun Gas and shall be subject to the unauthorized daily overrun rate (non-critical or critical condition as applicable). Shipper shall pay an amount obtained by multiplying the quantity of such unauthorized daily overrun Gas each Day by the unauthorized daily overrun rate set forth on the Statement of Rates.

7. CONDITIONS OF SERVICE

7.1 Termination Obligations. Termination of a Rate Schedule FT TSA shall not relieve Shipper of the obligation to pay any money due to Transporter or to correct any volume imbalances. All warranties and indemnities shall survive the termination of the TSA.

7.2 Agents. Shipper must provide written notice to Transporter of the name, and any other pertinent information of another person ("Agent") that has agency authority to act for Shipper pursuant to a TSA under this Rate Schedule FT, in connection with (1) the operation of pipelines, facilities and wells in connection with a TSA under this Rate Schedule, (2) imbalance management and Cautionary Conditions as described in the GT&C, and/or (3) other matters covered by a TSA. If the Agent has authority under (1) and (2) above, operating notices shall be served on the Agent alone. When using an Agent, the Shipper remains bound by its obligations under a TSA. Further, commitments made by the Agent on behalf of the Shipper are binding on the Shipper as if made by the Shipper. The Shipper must provide prompt written notice of the termination of the agency.

8. GENERAL TERMS AND CONDITIONS; SUPERSEDING EFFECT

Except as otherwise expressly indicated in this Rate Schedule or by the executed TSA, all of the GT&C contained in this Tariff, including without limitation (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to transportation service rendered under this Rate Schedule and, by this reference, are made a part hereof. To the extent of any conflict, contradiction or ambiguity arising between the GT&C of this Tariff, on the one hand, and any TSA, on the other, the GT&C of this Tariff shall govern over and supersede any conflicting, contradictory or ambiguous provision of the relevant TSA, unless such provision of the TSA has been filed with and specifically accepted by the Commission, in which case it shall be construed harmoniously with the GT&C of this Tariff to the maximum possible extent.
RATE SCHEDULE IT
Interruptible Transportation Service

1. AVAILABILITY

1.1 This Rate Schedule is available for transportation service by Ruby Pipeline, L.L.C. (hereinafter called Transporter), for any person (hereinafter called Shipper) when Shipper desires interruptible transportation service, and:

(a) Transporter has determined that (other than such new taps, valves, measurement equipment, and other minor facilities that may be required at the receipt or delivery point(s) to effect Gas receipt or delivery) it has available or will secure sufficient uncommitted capacity to provide the service requested by Shipper as well as all of its other firm service commitments;

(b) Shipper has made a valid request pursuant to the requirements of Section 4 of the GT&C of this Tariff;

(c) Shipper has satisfied the creditworthiness requirements of Section 4.12 of this Tariff; and

(d) Shipper has executed an Interruptible TSA pursuant to the terms of this Rate Schedule in the form attached hereto.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Transportation service hereunder is interruptible, and subject to interruption by Transporter at any time. Transportation service under this Rate Schedule will be performed when Transporter has capacity which is not subject to a prior claim by another Shipper or another class of service under a pre-existing contract, TSA, or certificate.

2.2 Transporter shall not be required to provide transportation service if the quantities tendered are so small as to cause operational difficulties, such as measurement. (See, Section 4.1 of the GT&C.) Transporter shall promptly notify Shipper if such operating conditions precluding service exist.

2.3 Rates of Flow. Unless otherwise agreed, at each receipt and delivery point, each Party shall flow, or cause to flow, Gas at the rates of flow as specified below.

(a) At each receipt and delivery point, quantities tendered or caused to be tendered for Shipper's account shall not exceed, on an Hourly basis, $1/24^{th}$ of daily scheduled quantities at such point. Transporter may, from time to time on a not unduly discriminatory basis, permit reasonable operating variations that do not adversely affect other Shippers or pipeline operations.
2.3 Rates of Flow (continued)

(b) Except as otherwise provided in the Tariff, shipper must balance its daily receipts and its daily deliveries at the end of each Gas Day.

2.4 Flow day diversions, pursuant to Section 6.6 of the GT&C, are available to Rate Schedule IT Shippers.

3. TRANSPORTATION SERVICE CHARGES

3.1 Applicable Rates. The applicable rates for service hereunder shall be, subject to the other provisions hereof, the rates agreed to by Transporter and Shipper as set forth in the TSA.

(a) Commodity Charge. Each Month, Shipper shall be charged an amount obtained by multiplying the commodity rate(s) set forth in the TSA by the total quantity of Gas in Dth delivered (excluding overrun Gas) each Day of the Month by Transporter to Shipper at the delivery point(s).

(b) Backhaul Charge. Shipper shall be charged the applicable forward haul rates (i.e., the Rate Schedule IT recourse rate unless discounted pursuant to Section 3.2 of Rate Schedule IT) when the transportation service rendered by Transporter is Backhaul.

(c) Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Transporter may, on a non-discriminatory basis, require Shipper to pay for such facilities. The parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities over a period of time agreed to by Shipper and Transporter. The incremental facility charge will reflect, as appropriate all of Transporter’s capital costs associated with such facilities, including related income taxes and all other taxes, and if applicable, associated operating and maintenance costs, plus interest as agreed to by the parties if the Shipper elects to reimburse Transporter for the facilities over a period of time. If a contribution in aid of construction (CIAC) is paid by the Shipper in accordance with the construction of facilities agreement and such transaction is determined to be taxable, it shall be increased by an amount (Tax Reimbursement) to compensate for the related income tax effects thereof, according to the following formula:

\[
\text{Tax Reimbursement} = \left[\frac{\text{Tax Rate} \times (\text{CIAC} - \text{Present Value of Tax Depreciation})}{1 + \{\frac{\text{Tax Rate}}{1 - \text{Tax Rate}}\}}\right]
\]

Transporter may, on a non-discriminatory basis, pay for new minor facilities, if the revenue generated by the new service provides adequate cost recovery with respect to the facilities.
3.1 Applicable Rates (continued)

(d) Other Charges and Surcharges: Shipper shall pay to Transporter when incurred by Transporter all other FERC-approved charges and surcharges related to service provided under this Rate Schedule, including any costs incurred by Transporter on behalf of Shipper such as Third Party Charges as described in Section 4.6(b) of the GT&C.

(e) Third Party Charges: Shipper may, on a non-discriminatory basis, be required to pay to Transporter, if applicable, any Third Party Charges in accordance with Section 4.6 of the GT&C. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system capacity.

3.2 Adjustment of Rates.

(a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of the TSA.

(b) Transporter, at its sole discretion, may from time to time and at any time selectively discount on a non-discriminatory basis any or all of the rates on the Statement of Rates applicable to any individual Shipper pursuant to Section 4.13 of the GT&C; provided, however, that such adjusted rate(s) shall not exceed the applicable maximum commodity rate(s) nor shall they be less than the applicable minimum commodity rate(s), set forth on the Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term for such discounted rate specified in the TSA, the rate for transportation service shall revert to the maximum rate under this Rate Schedule.

(c) Notwithstanding anything to the contrary contained in this Rate Schedule or in the Tariff, Transporter and Shipper may, as provided in Section 4.14 of the GT&C of the Tariff, negotiate a rate for service under this Rate Schedule. The minimum and maximum rates in the Statement of Rates shall not be applicable to service provided pursuant to such negotiated rates.

4. FUEL

4.1 In addition to the other payments made pursuant to this Rate Schedule, Shipper shall provide and be responsible for providing FL&U in-kind for the transportation of Natural Gas pursuant to Shipper's TSA. FL&U will be calculated pursuant to Section 13 of the GT&C.
5. ELECTRIC POWER COST

5.1 In addition to the other payments made pursuant to this Rate Schedule, Shipper shall be charged each Month for the EPC for the transportation of Natural Gas pursuant to Shipper's TSA. The EPC will be calculated pursuant to Section 28 of the GT&C.

6. CONDITIONS OF SERVICE

6.1 Termination Obligations. Termination of a Rate Schedule IT TSA shall not relieve the Shipper of the obligation to pay any money due to Transporter or to correct any volume imbalances. All warranties and indemnities shall survive the termination of the TSA.

6.2 Agents. Shipper must provide written notice to Transporter of the name, and any other pertinent information of another person ("Agent") that has agency authority to act for Shipper pursuant to a TSA in connection with (1) the operation of pipelines, facilities and wells in connection with a TSA, (2) imbalance management and Cautionary Conditions as described in the GT&C, and/or (3) other matters covered by a TSA. If the Agent has authority under (1) and (2) above, operating notices shall be served on the Agent alone. When using an Agent, the Shipper remains bound by its obligations under a TSA. Further, commitments made by the Agent on behalf of the Shipper are binding on the Shipper as if made by the Shipper. The Shipper must provide prompt written notice of the termination of the agency.

7. GENERAL TERMS AND CONDITIONS; SUPERSEDING EFFECT

Except as otherwise expressly indicated in this Rate Schedule or by the executed TSA, all of the GT&C contained in this Tariff, including without limitation (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to transportation service rendered under this Rate Schedule and, by this reference, are made a part hereof. To the extent of any conflict, contradiction or ambiguity arising between the GT&C, on the one hand, and any TSA, on the other, the GT&C shall govern over and supersede any conflicting, contradictory or ambiguous provision of the relevant TSA, unless such provision of the TSA has been filed with and specifically accepted by the Commission, in which case it shall be construed harmoniously with the GT&C to the maximum extent possible.
RATE SCHEDULE PAL
Interruptible Parking and Lending Service

1. AVAILABILITY

1.1 This Rate Schedule is available to any party (hereinafter referred to as Shipper) for the short-term parking and lending ("PAL") of Gas on an interruptible, non-discriminatory basis, by Ruby Pipeline, L.L.C. (hereinafter referred to as Transporter) when and to the extent that:

   (a) Transporter has determined, using its reasonable discretion, that capacity is available on its existing facilities and that it has the operational flexibility to provide interruptible parking and lending service without detriment or disadvantage to Transporter’s firm obligations, system operational needs and interruptible transportation service;

   (b) A valid request for PAL service has been made pursuant to Section 4 of the GT&C;

   (c) Shipper has satisfied the creditworthiness requirements of Section 4.12 of this Tariff; and

   (d) Shipper and Transporter have executed an Interruptible Parking and Lending Service Agreement ("Agreement") and related Park and Loan Service Request Order ("PAL RO") pursuant to the terms of this Rate Schedule and the PAL Form of Service Agreement. When executed by Transporter and Shipper, the underlying PAL RO shall evidence the parties’ agreement as to the terms of the particular transaction(s) to park and loan Natural Gas pursuant to the Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all PAL services rendered by Transporter for Shipper.

2.1 All receipt and delivery locations on Transporter's System are eligible for PAL service ("PAL Points") unless otherwise posted by Transporter on its EBB from time to time. Such points will be made available to Shipper on a non-discriminatory basis.

2.2 PAL service under this Rate Schedule is an interruptible service providing for:

   (a) Parking service -- Parking service shall consist of a Transporter receiving Gas quantities from Shipper at a designated PAL Point on a designated date(s), as requested in the PAL RO and approved by Transporter, for holding and Transporter's subsequent withdrawal of parked quantities of Gas to Shipper on the date(s) designated in the PAL RO at the same PAL Point where Shipper delivered the Gas, pursuant to the PAL RO and Section 5 of this Rate Schedule.
2.2 (continued)

(b) Lending service -- Lending service shall consist of Transporter's advancement of Gas quantities to Shipper at a designated PAL Point on the designated date(s), as specified in the PAL RO and approved by Transporter, and Shipper's subsequent payback of such advanced (loaned) quantities by Shipper to Transporter at the same PAL Point where the loan occurred, pursuant to the PAL RO and Section 5 of this Rate Schedule.

(c) Parked quantities must be withdrawn or loaned quantities must be paid back to the original designated point(s). If parked quantities are withdrawn or loaned quantities are paid back to a point other than the original point(s), Shipper shall be responsible for arranging transportation service to or from the original point(s) and for paying all applicable charges and surcharges.

(d) Gas quantities may be delivered to a PAL Point for parking or payback of a loan from receipt points on Transporter's pipeline system.

2.3 Service under this Rate Schedule shall be subject to all applicable provisions of the GT&C of this Tariff, the executed Agreement, and the executed PAL RO.

2.4 Parking and lending service rendered under this Rate Schedule shall be provided for a minimum term of one (1) Day.

2.5 In no event shall Transporter be required to provide service under this Rate Schedule that would require Transporter to install, operate, acquire or maintain any additional facilities.

3. DEFINITIONS

3.1 PAL Point: The transaction point(s) on Transporter's System where parking and lending services are provided to Shipper, as specified in the executed PAL RO. PAL points will be associated with existing locations on Transporter's System.

3.2 Maximum PAL Quantity: Shipper's maximum park or loan quantity shall be the total amount permitted to be parked or loaned in Shipper's account as specified in the executed PAL RO.

3.3 Daily PAL Quantity: The maximum daily quantity that may be parked or loaned at the PAL Point as specified in the executed PAL RO. The PAL RO may specify a range for the quantity of a park or loan. On any Day, the sum of the Daily PAL Quantities on the PAL RO for Shipper shall not exceed the Maximum PAL Quantity.
4. RATES AND CHARGES

4.1 Each Month, Shipper shall pay an amount determined by the parking and lending rates/fees set forth in the PAL RO. The PAL RO shall be posted on Transporter’s EBB.

4.2 Applicable Rates. The applicable rates for service under this Rate Schedule PAL, or any superseding rate schedule, shall be subject to the other provisions hereof and shall be set forth in the PAL RO. Shipper shall pay Transporter the sum of the following charges, as described below:

   (a) An Initial Rate for each Dth of Gas tendered for park or taken for loan during the Month;

   (b) A Park/Loan Balance Rate for each Dth of Gas which is parked or loaned for that Month (such charge shall be calculated on the basis of the end of the Day balances for each Day of the Month such a balance occurs); and

   (c) A Completion Rate for each Dth of Gas paid back to Transporter on completion of a loan (i.e., loan payback) or withdrawn by Shipper on completion of a park (i.e., park withdrawal) that Month.

Notwithstanding the individual rates listed in the PAL RO, on any one Day, the sum of the Initial Rate, the Park/Loan Balance Rate and the Completion Rate shall not exceed the maximum Initial Rate as shown on the Statement of Rates.

4.3 Surcharges: No surcharges are applicable to PAL service under this Rate Schedule.

4.4 Fuel Charges: Fuel charges are not applicable to service under this Rate Schedule.

4.5 Authorized overrun charges shall be assessed on a daily basis for any nominated and confirmed quantities that exceed the specified PAL RO's Daily PAL Quantity. Authorized overrun charges will be assessed at the maximum rate shown on the Statement of Rates, unless otherwise agreed to in writing by Transporter.

4.6 In circumstances where Transporter is unable to confirm a valid PAL nomination to pay back a loan or to remove parked quantities, the Park/Loan Balance Rate shall be reduced to $0.0000 per Dth for that Day for the quantities Transporter is unable to confirm. If the Day on which Transporter is unable to confirm a valid nomination under this Rate Schedule to pay back loaned or to withdraw parked quantities is the final Day of the term of the PAL RO, the term shall be automatically extended for one Day and the Park/Loan Balance Rate for the additional Day shall be $0.0000 per Dth.
4.7 Subject to the provisions of Section 4.6 of this Rate Schedule regarding valid nominations Transporter is unable to confirm, should Transporter and Shipper agree to a discounted or negotiated rate pursuant to the applicable provisions of this Tariff the quantities withdrawn or paid back on dates other than those stated in the PAL RO shall be assessed the maximum Completion Rate as shown on the Statement of Rates. However, quantities paid back or withdrawn on dates other than those indicated on the PAL RO pursuant to the provisions of Section 6.3 of this Rate Schedule shall be assessed the rates stated in the PAL RO.

4.8 Adjustment of Rates.

(a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of the PAL RO.

(b) Transporter, at its sole discretion, may from time to time and at any time selectively discount on a non-discriminatory basis any or all of the rates on the Statement of Rates applicable to any individual Shipper pursuant to Section 4.13 of the GT&C; provided, however, that such discounted rates shall not exceed the applicable maximum rate(s) nor shall they be less than the minimum rate(s) set forth on the currently effective Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term for such discounted rate specified in the PAL RO, the rate for service shall revert to the maximum applicable rate under this Rate Schedule.

(c) Notwithstanding anything to the contrary contained in this Rate Schedule or in the Tariff, Transporter and Shipper may, as provided in Section 4.14 of the GT&C of the Tariff, negotiate a rate for service under this Rate Schedule. The minimum and maximum rates in the Statement of Rates shall not be applicable to service provided pursuant to such negotiated rates.

5. SCHEDULING PAL SERVICE

5.1 Shipper shall nominate PAL service under this Rate Schedule in accordance with the nomination procedures set forth in the GT&C of this Tariff.

5.2 PAL service may be interrupted at any time and such interruption may be in effect for extended periods of time. Interruption of PAL service may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of Gas if Transporter in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain system integrity or when a higher priority service so requires.
5.3 Scheduling of PAL services will be based on the priorities for parking and lending services established in Section 6.3 of the GT&C of this Tariff. If allocations become necessary, curtailment will be based on the priorities established in Section 6.5 of the GT&C of this Tariff.

5.4 Shipper shall not pay back more than the quantity loaned nor withdraw more than the quantity parked under the PAL RO.

6. INTERRUPTION OR TERMINATION OF PAL SERVICE

6.1 Shipper may be required, upon notification from Transporter, to withdraw quantities of Gas previously provided to Transporter under the Parking service, or pay back quantities of Gas previously loaned to Shipper under the Lending service. Such notification shall only be made when the required Shipper action is necessary to protect the operational integrity of Transporter's pipeline system or to allow Transporter to fulfill higher priority commitments. Such notification shall be made pursuant to the notification procedures of Section 6.2(c)(iv) of the GT&C.

6.2 Should Transporter notify Shipper to withdraw or pay back quantities of Gas pursuant to Section 6.1 of this Rate Schedule, Transporter's notification shall specify the time by which Parking service quantities shall be withdrawn, and/or Lending service quantities shall be paid back. The time period in which Shipper must act will be determined based on the necessity to protect and ensure firm service. Absent a mutual agreement between Transporter and Shipper or the declaration of a Strained or Critical Operating Condition, in no event shall the specified time be less than three calendar days from the date of Transporter's notification. Upon Transporter's declaration of a Strained or Critical Operating Condition, Transporter may require Shipper to withdraw or pay back quantities of Gas, pursuant to Section 6.1 of this Rate Schedule, within one calendar day.

6.3 Pursuant to the operational conditions described in Section 6.1 above, unless otherwise agreed by Shipper and Transporter, (i) any parked quantity not withdrawn as required by Section 6.1 shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims, (Transporter will credit the net value of confiscated quantities pursuant to GT&C Section 14.3) and, (ii) any loaned quantity not paid back as required by Section 6.1 of this Rate Schedule shall be sold to Shipper at the highest price, determined as 200% of the Bidweek Price published in Natural Gas Intelligence Bidweek Survey as the higher of the Malin or Opal average price, among either:

(a) the Month in which the authorized loan occurred;

(b) the Month in which redelivery of the authorized loan was scheduled but did not occur; or

(c) any Month between (a) and (b) above.
6.4 If Transporter receives a valid PAL nomination complying with a notification pursuant to Section 6.1 of this Rate Schedule but is unable to confirm or schedule such nomination, the obligation of Shipper to comply with that notification, but not the obligation to submit nominations, shall be suspended until such time as Transporter's operational conditions permit such nomination to be confirmed and scheduled. Furthermore, under the circumstances described by this Section 6.4, the penalty provision of Section 6.3 of this Rate Schedule shall not apply until such nomination is able to be confirmed and scheduled. Additionally, Transporter and Shipper may mutually agree to extend the agreed upon term of the PAL RO for the amount of time that the transaction was unable to be scheduled.

6.5 Shipper is required to withdraw all parked quantities and pay back all loaned quantities no later than the termination date of the PAL RO. Upon termination of a PAL RO, (i) any parked quantity not withdrawn shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims, and (ii) any loaned quantity not paid back shall be sold to Shipper the highest price, determined as 200% of the Bidweek Price published in Natural Gas Intelligence Bidweek Survey as the higher of the Malin or Opal average price, among either:

(a) the Month in which the authorized loan occurred;

(b) the Month in which redelivery of the authorized loan was scheduled but did not occur; or

(c) any Month between (a) and (b) above.

In the event parked quantities remain in Transporter's System and/or loaned quantities have not been paid back to Transporter's System after the expiration of any PAL RO executed by Shipper and Transporter, Transporter and Shipper may mutually agree to an extended time frame and/or modified terms (which may include the rate) of such PAL RO, to permit Shipper to pay back and/or return such quantities. If Shipper and Transporter do not agree to an extended time frame and/or modified terms, the rate charged under the PAL RO shall be the maximum rate as set forth on the Statement of Rates.

6.6 Shipper or its suppliers shall be responsible for reporting and payment of any royalty, tax, or other burdens on Natural Gas volumes received by Transporter pursuant to this Section 6 of this Rate Schedule and Transporter shall not be obligated to account for or pay such burdens.
7. EXECUTION OF AGREEMENTS

Upon Shipper's request for PAL service, Transporter will provide one Agreement to be executed in paper form to each Shipper requesting PAL service. The Agreement will evidence the intent of the parties that the Agreement, in combination with information provided on all subsequent PAL ROs executed by Shipper, will comprise the contractual agreement of the parties.

8. GENERAL TERMS AND CONDITIONS; SUPERSEDDING EFFECT

Except as otherwise expressly indicated in this Rate Schedule or by the executed Agreement, all of the GT&C contained in this Tariff, including without limitation (from and after their effective date) any future modifications, additions, deletions to said GT&C, are applicable to service rendered under this Rate Schedule and, by this reference, are made a part hereof. For purposes of this Rate Schedule, the term "PAL RO" shall be substituted for all references to the term "Transportation Service Agreement" where such term appears in the GT&C. To the extent of any conflict, contradiction or ambiguity arising between the GT&C, on the one hand, and any PAL RO, on the other, the GT&C shall govern over and supersede any conflicting, contradictory or ambiguous provision of the relevant PAL RO, unless such provision of the PAL RO has been filed with and specifically accepted by the Commission, in which case it shall be construed harmoniously with the GT&C to the maximum extent possible.
RATE SCHEDULE SS-1
Interruptible Hourly Swing Service

1. AVAILABILITY

1.1 This Rate Schedule is available to any Operator that currently receives or will receive Gas at a delivery point where service under Rate Schedule SS-1 may be provided. This service will be provided by Transporter, and provides for quantity swings for eligible Operators on an interruptible basis and subject to available capacity, when the Operator desires hourly swing service, and when:

(a) Operator has made a request for Interruptible Swing Service pursuant to the provisions set forth in Section 4 of the GT&C;

(b) Operator has satisfied the Creditworthiness provisions specified in Section 4.12 herein; and

(c) Operator and Transporter have executed an Interruptible Swing Service Agreement ("SS-1 Agreement" or "Agreement") pursuant to the terms of this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule SS-1 shall allow the Operator, on an Hourly basis, to receive more or less than 1/24th of the scheduled quantities of Gas at designated delivery point(s). Scheduled transportation service shall be allocated based on the confirmed nominations of the underlying Agreement(s). Quantities delivered above or below daily scheduled quantities shall be allocated to the SS-1 Agreement and shall be subject to the provisions of the Agreement and the GT&C.

2.2 Swing service hereunder is interruptible and subject to interruption at any time. Such interruptions may be in effect for extended periods of time. Swing service shall be available when in Transporter's reasonable judgment, Transporter has capacity available to provide such service without detriment or disadvantage to Transporter's firm obligations, or system operational needs.

All Rate Schedule SS-1 delivery points and related Rate Schedule SS-1 Operators shall be posted on Transporter's EBB in advance of Transporter's use of such points for swing service. Such delivery points shall be point(s) not serviced by an operational balancing agreement.
3. INTERRUPTIBLE SWING SERVICE CHARGE

3.1 Applicable Rates: The applicable rates for service hereunder shall be, subject to the other provisions hereof, the rates agreed to by Transporter and Operator as set forth in the Agreement.

(a) Commodity Charge. The Operator shall be charged an amount each Month obtained by multiplying a commodity rate as set forth in Exhibit A to the Agreement by the end-of-Day quantities allocated to the Agreement at each designated delivery point which exceeds the greater of 5 percent or 100 Dth of the daily total scheduled quantities at such delivery points during the Month.

3.2 Adjustment of Rates:

(a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of the SS-1 Agreement.

(b) Transporter, at its sole discretion, may from time to time and at any time selectively discount on a non-discriminatory basis any or all of the rates on the Statement of Rates applicable to any individual Operator pursuant to Section 4.13 of the GT&C; provided, however, that such discounted rates shall not exceed the applicable maximum rate(s) nor shall they be less than the minimum rate(s) set forth on the currently effective Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term for such discounted rate specified in the SS-1 Agreement, the rate for Transportation service shall revert to the maximum rate under this Rate Schedule.

(c) Notwithstanding anything to the contrary contained in this Rate Schedule or in the Tariff, Transporter and Operator may, as provided in Section 4.14 of the GT&C of the Tariff, negotiate a rate for service under this Rate Schedule. The minimum and maximum rates in the Statement of Rates shall not be applicable to service provided pursuant to such negotiated rates.

4. BALANCING AND RECALL OF ALLOCATED QUANTITIES

4.1 Operators are expected to cause nominations to the delivery points designated in their Agreement to be at levels which approximate estimated usage at such Points.

(a) For each designated delivery point, Transporter shall provide Operator with hourly and cumulative balances of over-deliveries and under-deliveries which are allocated to the Agreement.
4.1 (continued)

(b) Operators are expected to use reasonable efforts to adjust, or cause to be adjusted, the confirmations to the designated delivery point to reduce the cumulative balance under the Agreement to net to zero.

4.2 Unless otherwise agreed on a non-discriminatory basis, Transporter may require the Operator to eliminate no more than 10 percent of its outstanding Rate Schedule SS-1 balance or up to 5,000 Dth on any Day, whichever amount is greater, by the end of the next full Gas Day under the following conditions:

(a) The cumulative allocated balance under an Agreement at the end of any Month is in the same direction as the previous Month (i.e., either positive or negative).

(b) When, in Transporter's reasonable judgment such action is necessary to allow Transporter to fulfill higher priority commitments, or is required as a result of Transporter's operational requirements.

4.3 For Sections 4.2 (a) and (b) above, Transporter shall notify Operator by telephone and in writing or on Transporter's EBB to reduce the cumulative allocated balance as provided in this section above. If Transporter receives a valid nomination and confirmation from Operator but is unable to schedule such nomination, the obligation of Operator to comply with that notification, but not the obligation to submit nominations, shall be suspended until such time as Transporter's operational conditions permit such nomination to be confirmed and scheduled. Cumulative allocated balances (i) for overdeliveries not removed pursuant to this section, or by the end of the term of an Agreement, shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims, (Transporter will credit the net value of confiscated quantities pursuant to GT&C Section 14.3) and (ii) for underdeliveries not returned pursuant to this section or by the end of the term of an Agreement shall be sold to Operator at 150% of Transporter's Cash Out Price.

5. UNAUTHORIZED HOURLY SCHEDULING PENALTY

5.1 Unauthorized Hourly Scheduling Penalty. Hourly deliveries of Gas in excess of the hourly aggregate scheduled quantities authorized under transportation agreements delivered to delivery points designated in the SS-1 Agreement shall be subject to the Unauthorized Hourly Scheduling Rate as applied pursuant to this Section 5.1. Operator shall pay an amount obtained by multiplying the largest quantity of such Unauthorized Hourly Scheduling Penalty Gas greater than 500 Dth during any one Hour of a Day times (i) the Unauthorized Hourly Scheduling Rate on the Statement of Rates during Non-Cautionary Conditions or (ii) two times the Unauthorized Hourly Scheduling Rate on the Statement of Rates during Cautionary Conditions.
6. CONDITIONS OF SERVICE

6.1 Termination of a Rate Schedule SS-1 Agreement shall not relieve Operator of the obligation to pay money due to Transporter. All warranties and indemnities shall survive the termination of an Agreement.

7. GENERAL TERMS AND CONDITIONS; SUPERSEDING EFFECT

Except as otherwise expressly indicated in this Rate Schedule or by the executed SS-1 Agreement, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to hourly swing service rendered under this Rate Schedule and, by this reference, are made a part hereof. To the extent of any conflict, contradiction or ambiguity arising between the GT&C, on the one hand, and any SS-1 Agreement, on the other, the GT&C shall govern over and supersede any conflicting, contradictory or ambiguous provision of the relevant SS-1 Agreement, unless such provision of the Agreement has been filed with and specifically accepted by the Commission, in which case it shall be construed harmoniously with the GT&C to the maximum possible extent.
RATE SCHEDULE HSP
Headstation Pooling Service

1. AVAILABILITY

1.1 This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as “Pooler”) for the aggregation of Natural Gas supplies by Transporter when Pooler and Transporter have executed an agreement under this Rate Schedule HSP ("Agreement").

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all services rendered by Transporter for Pooler within a Pooling Area, pursuant to the executed Agreement under this Rate Schedule HSP.

2.2 Transporter shall create Headstation Pools at locations which Transporter determines in its reasonable discretion provide reasonable points for aggregation and further downstream transportation. All pooling points shall be posted on Transporter's EBB and receipt point(s) available to each Pool shall also be specified by Pooling Area. Transporter shall give at least 30 Days advance notice via Transporter's EBB prior to modification of the scope of a Pooling Area.

2.3 Service under this Rate Schedule HSP shall permit the Pooler to nominate and aggregate receipts of Natural Gas quantities within a Pooling Area to the related Pool for subsequent redelivery to designated TSA(s) (Downstream Agreement(s)) that are transporting such Gas from the pool aggregation point to delivery point(s) on Transporter's transmission system, or for redelivery to another Pooling Agreement at the same pool aggregation point. Additionally, a Pooler may receive Gas from another Pooler's account at the same pool aggregation point. The scheduling and allocation of pooled quantities shall be determined by the priority of the Downstream Agreement(s).

2.4 Pooler may nominate Natural Gas supplies from any designated receipt point(s) within the Pooling Area, or from another Pooler's account in the same Pooling Area, in accordance with the provisions of GT&C Section 6. Such nominated quantities shall be aggregated at the Pool and treated as quantities received at a single receipt point for Downstream Shipper(s) nominating quantities of Gas from the Pool for downstream transportation, or for use in another Pool account in the same Pooling Area.

2.5 Downstream Shipper(s) (including other Poolers) shall receive nominated quantities of Gas at a Pool according to the priorities provided by the Pooler under this Rate Schedule HSP in accordance with GT&C Section 6 and to the extent such priorities are not in conflict with other scheduling priorities stated in this Tariff.
2.6 Allocation of Gas for Pooler(s) under this Rate Schedule HSP shall be determined according to the provisions of GT&C Section 10.

2.7 For purposes of determining imbalances under this Rate Schedule HSP, overdeliveries at one receipt point within a Pooling Area may be offset by underdeliveries at another receipt point within the same Pooling Area. Nothing contained in this provision shall eliminate Pooler's obligations to resolve imbalances as described under GT&C Section 10.

3. CHARGES

Each Month Pooler shall pay to Transporter the following charges:

3.1 Commodity Charges. None.

3.2 Imbalance Management. Pooler shall be subject to the imbalance management provisions set forth in GT&C Section 10.

4. FUEL REIMBURSEMENT

4.1 Fuel reimbursement does not apply to this Rate Schedule HSP.

5. TITLE TRANSFER TRACKING SERVICE

5.1 Title Transfer Tracking (“TTT”) shall be provided pursuant to GT&C Section 6.7.

5.2 Title Transfer Tracking Procedures

(a) For any Day when Pooler desires Transporter to track a title transfer for Pooler's account under this Rate Schedule, then Pooler shall nominate to Transporter in accordance with the GT&C of this Tariff, specifying:

(i) the quantity of gas subject to the title transfer;

(ii) the selling and/or purchasing parties; and

(iii) the desired eligible Headstation Pool.

(b) When Pooler's nomination is properly confirmed subject to the limitations set forth in this Rate Schedule, then such quantity shall constitute a TTT quantity at that Headstation Pool.

(c) Pooler is required to balance the quantities nominated for sale and for purchase under TTT Service at each Headstation Pool in each nomination cycle and for each Day.
6. CONDITIONS OF SERVICE

6.1 Termination Obligations. Termination of a Rate Schedule HSP Agreement shall not relieve the Pooler of the obligation to correct any quantity imbalances or relieve Pooler of the obligation to render payment due to Transporter under such Agreement. All warranties and indemnities shall survive the termination of the Agreement.

6.2 Agents. Pooler must provide written notice to Transporter of the name, and any other pertinent information, of another person that has agency authority to act for Pooler pursuant to an Agreement under Rate Schedule HSP. The Pooler remains bound by its obligations under an Agreement, and commitments made by the Agent on behalf of the Pooler are binding on the Pooler as if made by the Pooler. The Pooler must provide prompt written notice of the termination of the agency.

7. GENERAL TERMS AND CONDITIONS

All of the GT&C of this Tariff, except as modified in the Agreement, are hereby specifically incorporated herein and made a part of this Rate Schedule HSP.
GENERAL TERMS AND CONDITIONS

Section 1 Definitions

Section 2 Measurement

Section 3 Quality

Section 4 Requests for Services
   Section 4.1 Request for Service
   Section 4.2 Information to be Provided
   Section 4.3 Capacity Bidding and Evaluation Criteria
   Section 4.4 Execution Requirement
   Section 4.5 Capacity Reserved for Expansion Projects
   Section 4.6 Off-System Capacity
   Section 4.7 Electronic Execution of Agreements
   Section 4.8 Changes to Shipper’s Transportation Service
   Section 4.9 Right-of-First-Refusal
   Section 4.10 Extension Rights
   Section 4.11 Contract Extension
   Section 4.12 Creditworthiness
   Section 4.13 Discounting
   Section 4.14 Negotiated Rate Authority
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   Section 4.17 Regulatory Authority
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Section 5 Service Conditions

Section 6 Nominations and Scheduling Procedures
   Section 6.1 Nomination Cycles
   Section 6.2 Nomination Procedures
   Section 6.3 Scheduling of Receipts and Deliveries
   Section 6.4 Confirmation Procedures
   Section 6.5 Allocation of Capacity
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   Section 6.8 Protection of Life and Property
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Section 7 Responsibility for Gas and Products
Section 8 Operating Provisions
Section 8.1 Firm Service
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Section 9 Capacity Release Program
Section 9.1 Purpose
Section 9.2 Applicability
Section 9.3 Availability of Released Capacity
Section 9.4 Qualification for the Capacity Release Program
Section 9.5 Capacity Release Timeline
Section 9.6 Prearranged Releases
Section 9.7 Notice of Capacity Release - Open Season Basis
Section 9.8 Notice of Capacity Release - Prearranged Basis
Section 9.9 Term of Released Capacity
Section 9.10 Bids for Released Capacity - Open Season
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Section 9.14 Notice of Completed Transactions
Section 9.15 Effective Date of Release and Acquisition
Section 9.16 Rates
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Section 9.19 Compliance by Replacement Shipper
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Section 10 Imbalance Management
Section 10.1 Imbalance Management and Operating Tolerances
Section 10.2 Imbalance Adjustments
Section 10.3 Cash Out
Section 10.4 Determination of Deliveries
Section 10.5 Operational Balancing Agreements
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Section 11 System Operational Parameters
Section 11.1 Cautionary Condition Procedures
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Section 12 Billing and Payment

Section 13 Fuel and L&U
Section 14  Penalties
Section 15  Revenue Sharing Mechanism
Section 16  Reservation Charge Credit
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Section 18  Waivers
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Section 20  Electronic Bulletin Board
Section 21  Affiliate-Related Information
Section 22  Adverse Claims to Natural Gas
Section 23  Compliance with 18 CFR, Section 284, 12
Section 24  Taxes
Section 25  Indemnification/Liability
Section 26  Complaint Procedures
Section 27  Incidental Purchases and Sales
Section 28  Electric Power Costs
Section 29  Greenhouse Gas Costs
Section 30  Peak/Off-Peak Rates
Section 31  Miscellaneous Surcharges

Unless otherwise stated, these General Terms and Conditions apply to all transportation service provided under this Tariff.
1. DEFINITIONS

1.1 "Backhaul" - shall mean a transaction that is nominated opposite the daily physical flow of Gas and which is scheduled via displacement.

1.2 "Bidding Shipper" - shall mean any Shipper who is pre-qualified pursuant to Section 9 of the GT&C to bid for capacity or who is a party to a prearranged release.

1.3 "British Thermal Unit" ("Btu") – One (1) "Btu" shall mean one British thermal unit as defined by NAESB WGQ Flowing Gas Related Standards, Version 2.0, 1.3.14, 2.3.9, and 2.3.10, as amended by FERC.

1.4 "Bumping" or "Bump" - shall mean:

(a) The reduction of a previously scheduled and confirmed interruptible transportation quantity to permit Transporter to schedule and confirm a firm transportation nomination which has a higher priority and which was submitted as an intraday nomination.

(b) In the event that a discount is granted pursuant to Section 3.2 of Rate Schedule FT that affects previously scheduled quantities, "Bumping" or "Bump" shall also mean the reduction of a firm transportation quantity previously scheduled and confirmed to permit Transporter to schedule and confirm a firm transportation intraday nomination which has a higher priority.

(c) In the event of an intraday recall of released capacity, "Bumping" or "Bump" shall also mean the reduction of the Replacement Shipper's previously scheduled and confirmed firm transportation quantity.

Bumping that affects transactions on multiple Transportation Service Providers should occur at grid-wide synchronization times only (NAESB WGQ Standard 1.3.39). Absent an agreement to the contrary between Transporter, Shipper and any affected interconnect party, a Bump shall not result in a scheduled quantity that is less than the applicable elapsed pro rated flow quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform Hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).

1.5 "Business Day" – shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions occurring in Canada and Mexico. (NAESB WGQ Standard 3.2.1)

1.6 "Cash Out" – shall mean the valuation of an imbalance at a market-related price pursuant to the requirements of Section 10.3 of the GT&C.
1.7 "Cash Out Index Price" - shall mean the highest of the index prices described in Section 10.3, if Shipper owes balances to Transporter (including overrun Gas). The "Cash Out Index Price" shall be the lowest of the index prices described in Section 10.3 of the GT&C, if Transporter owes balances to Shipper.

1.8 "Cautionary Condition" – shall mean any period when a COC or an SOC is declared pursuant to Section 11.1 of the GT&C.

1.9 "Critical Operating Condition" or "COC" shall mean the operating condition(s) described in Section 11.1(b) of the GT&C.

1.10 "Critical Notice" – shall be defined, in conformance with NAESB WGQ Standard 5.2.1, as any notice which pertains to information of conditions on Transporter's System that affect scheduling or adversely affect scheduled Gas flow.

1.11 "Day" or “Gas Day” – shall mean a period of 24 consecutive Hours, except for those Days that are adjusted for Daylight Savings Time, commencing and ending at 9:00 a.m., Central Clock Time (“CCT”), or such other period as the parties may agree upon. "Clock time" indicates that Transporter will adjust its Gas Day to reflect changes for Daylight Savings Time.

1.12 "Dekatherm" ("Dth") - One (1) Dth shall mean a quantity of Gas containing one million (1,000,000) Btu's.

1.13 "Electronic Bulletin Board" ("EBB") – shall mean Transporter's EBB which is available at Transporter's designated Internet Website at www.kindermorgan.com, pursuant to Section 20 of the GT&C.

1.14 "EPC" – shall mean the Electric Power Costs surcharge described in Section 28 of the GT&C.

1.15 "Federal Energy Regulatory Commission" – shall mean the federal regulatory agency, or any succeeding agency, having jurisdiction of this Gas Tariff, also referred to as "FERC" or "Commission."

1.16 "FL&U” – shall mean Fuel Gas and Lost and Unaccounted for Gas.

1.17 "FL&U True-Up Amount" – shall mean the amount calculated in accordance with Section 13.5 of the GT&C.

1.18 "FL&U True-Up Filing" – shall mean the filing to update the FL&U Reimbursement Percentage pursuant to Section 13.4 of the GT&C.

1.19 "FL&U Reimbursement Percentage" – shall mean the charge for FL&U assessed pursuant to Section 13 of the GT&C.
1.20 "Flow Path Secondary Capacity" - shall mean the capacity status assigned to that portion of a firm transportation transaction for which the receipt or delivery point lies outside the Primary Receipt-to-Delivery Flow Path when at least some part of such transaction passes through Shipper's Primary Receipt-to-Delivery Flow Path. Additionally, the Flow Path Secondary priority shall apply to any non-Primary Point that lies within Shipper's Primary Receipt-to-Delivery Flow Path, and such point shall be designated a Flow Path Secondary Point. Flow Path Secondary Capacity is limited by the capacity entitlement of the underlying TSA on the Primary Receipt-to-Delivery Flow Path Segment being used.

1.21 “Greenhouse Gas Allowance” – shall mean a limited authorization to emit, or have attributable greenhouse gas emissions in an amount of 1 metric ton of carbon dioxide equivalent of a greenhouse gas in accordance with a state, regional, or federal legislation or international agreements. Such term includes both US based emission allowances and international emission allowances. The international emission allowance may be issued by a national or supranational foreign government pursuant to a qualifying international program designated by the US federal government or the United Nations Framework Convention on Climate Change.

1.22 "GT&C" – shall mean the Transportation General Terms and Conditions of this Tariff.

1.23 "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.

1.24 "Hour" or "Hourly" - shall mean a period of 60 consecutive minutes beginning at the top of each Hour of the Gas Day and ending at the top of the next Hour (i.e. Hour 1 starts at 9:00 a.m. CCT and ends at 10:00 a.m. CCT).

1.25 "Imbalance Trade" – shall mean the reallocation of an imbalance quantity from one Shipper’s TSA to another Shipper’s TSA in order to reduce the imbalance of both Shippers pursuant to Section 10.2 of the GT&C.

1.26 "Initial Shipper" – shall mean a Shipper identified as an initial shipper for the Ruby Pipeline project in Docket No. CP09-54-000.

1.27 "Interconnecting Party" - shall mean the party or such party’s designee that is responsible for operations of a Natural Gas system which interconnects with Transporter's pipeline system and is responsible for verifying nominations and scheduling Gas flow at such point of interconnections. An Interconnecting Party is also a Confirming Party. Each Interconnecting Party is required to submit confirmation pursuant to the timelines identified in Section 6 of the GT&C, unless specifically exempted by Transporter on a not unduly discriminatory basis.
1.28 “Long-Term Firm” – shall mean firm service applicable to a TSA with a term greater than or equal to one year.

1.29 "Long-Term Firm Subscription" – shall mean firm service applicable to a TSA with a term greater than or equal to ten years.

1.30 "Malin Hub" – shall mean Gas transportation facilities located near Malin, Oregon.

1.31 "Maximum Delivery Quantity" or "MDQ" - shall mean the maximum quantity of Gas, expressed in Dth per Day, which Transporter shall be obligated to deliver under a firm TSA.

1.32 "Month" – shall mean a period commencing on the first Day of the corresponding calendar month and ending on the first Day of the next following calendar Month.

1.33 "NAESB WGQ Standards" – shall mean the business practices and electronic communication practices promulgated by the Wholesale Gas Quadrant ("WGQ") of the North American Energy Standards Board ("NAESB") and adopted and codified by the Commission in compliance with 18 CFR, Section 284.12, as described in Section 23 of the General Terms and Conditions.

1.34 "Natural Gas" or "Gas" – shall mean any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane.

1.35 "Non-Cautionary Condition" – shall mean any period except when a Cautionary Condition has been declared pursuant to Section 11.1 of the GT&C.

1.36 “Offset” – shall mean a unit of reduction or avoidance in the quantity of greenhouse gas emissions or an increase in sequestration equal to one carbon dioxide equivalent issued, recognized or independently verified under a governmental or voluntary program pursuant to a project or activity that reduces or avoids greenhouse gas emissions, or sequesters greenhouse gases.

1.37 "One Thousand Cubic Feet" ("Mcf") – shall mean the quantity of Natural Gas occupying a volume of one thousand (1,000) cubic feet at a temperature of sixty degrees Fahrenheit (60°F) and at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).

1.38 "Opal Hub" – shall mean Gas transportation facilities located near Opal, Wyoming.

1.39 "Operator" – shall mean the person or entity that is responsible for the operation of a facility at which Gas flows into or out of Transporter's System.

1.40 “Pool” – shall mean a physical or logical point determined by Transporter at which supplies may be aggregated and disaggregated. Pool(s) are not valid receipt or delivery points for determination of Primary Point(s), capacity scheduling, or for capacity release.
1.41 “Pooler” – shall mean that party holding an executed Pooling Service Agreement under this Tariff and on whose behalf Gas is being aggregated at a Pool. For purpose of nominations, the term “Pooler” is synonymous with “Shipper”.

1.42 “Pooling” – shall mean the aggregation of multiple sources of supply to a single quantity and the disaggregation of such quantity to multiple markets or market contract(s). In particular, “Headstation Pooling” shall mean the aggregation of supplies from one or more physical or logical receipt point(s) to a designated Pool and the disaggregation of such aggregated quantities to one or more TSA(s).

1.43 “Pooling Area” – shall mean the area implied by the designation of various Segment(s) related to a specific Pool. Transporter’s Pooling Area(s), the receipt point(s), and the related headstation pool point(s) shall be posted on Transporter’s EBB.

1.44 "Prearranged Shipper" - shall mean any Shipper which is qualified, pursuant to Section 9 of the GT&C, and seeks to acquire capacity under a prearranged release for which notice is given pursuant to Section 9.6.

1.45 "Primary Capacity" - shall mean the transmission system capacity on any portion of the Primary Receipt-to-Delivery Flow Path reserved for a Shipper under a firm TSA. On any pipeline Segment, Primary Capacity is limited by the primary receipt point quantity upstream of such Segment and the primary delivery point quantity downstream of such Segment, whichever is less.

1.46 "Primary Point(s)" - shall mean those receipt and delivery point(s) where Shipper is entitled to firm service.

1.47 "Qualified Point(s)" - shall mean a valid delivery point for Hourly delivery services and must meet the following criteria:

   (a) A Qualified Point must be supported by measurement equipment that can provide custody-transfer quality data on an Hourly basis.

   (b) The Operator at a Qualified Point must agree to support non-ratable hourly Gas flows.

   (c) All Qualified Points will be identified on Transporter's EBB.

1.48 “Rate Default” – shall mean the term used for index-based capacity release transactions to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default. (NAESB Standard 5.2.5)
“Rate Floor” – shall mean the term used for index-based capacity release transactions to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than Transporter’s minimum reservation rate or zero cents when there is no stated minimum reservation rate. (NAESB Standard 5.2.4)

"Receipt-to-Delivery Flow Path" - shall mean the path of Gas through and from a receipt point to and through a delivery point. Furthermore, "Primary Receipt-to-Delivery Flow Path" shall mean the path of Gas through and from primary receipt point(s) to and through primary delivery point(s). The direction of flow shall be deemed to be from the primary receipt point to the primary delivery point.

"Releasing Shipper" – shall mean any Shipper with a TSA under Rate Schedule FT who elects to release all or a portion of its firm capacity, subject to the capacity release program contained in Section 9 of the GT&C.

“Renewable Energy Credit” – shall mean a credit, representing one megawatt hour of renewable electricity, issued pursuant to a state, regional, or federal legislation.

"Replacement Capacity Agreement" – shall mean the agreement pursuant to which a Replacement Shipper acquires transportation services on Transporter pursuant to Section 9 of the GT&C.

"Replacement Shipper" - shall mean any Shipper who acquired capacity rights from a Releasing Shipper through Transporter's capacity release program as contained in Section 9 of the GT&C.

"Right-of-first-refusal" or "ROFR" – shall mean a right of first refusal as described in Section 4.9 of the GT&C.

"Secondary Capacity" - shall mean capacity nominated under a firm TSA that is other than Primary Capacity, Flow Path Secondary Capacity or overrun capacity.

"Secondary Point(s)" - shall mean those receipt and delivery points which are not specified in the firm TSA as Primary Points. Secondary Points which lie in the Primary Receipt-to-Delivery Flow Path are automatically awarded a scheduling status of Flow Path Secondary.

"Secondary Delivery Point" - shall mean a delivery point which is not specified in the firm TSA as a primary delivery point and which is located outside of Shipper's Primary Receipt-to-Delivery Flow Path.

"Secondary Receipt Point" - shall mean a receipt point which is not specified in the firm TSA as a primary receipt point and which is located outside of Shipper's Primary Receipt-to-Delivery Flow Path.
1.60 "Segment" or "Segmented" - shall mean a discrete portion of Transporter's pipeline system between two specific locations. Transporter shall evaluate the operating capacity of the Segment against the capacity requested for transportation service(s) by Shippers. In the event the requested capacity exceeds the Segment operating capacity, Transporter will follow the procedures specified in GT&C Section 6 to reduce the transportation requests to the Segment operating capacity.

1.61 "Segmentation" - shall mean the ability of a Shipper holding a firm TSA to subdivide such capacity into Segments and to use those Segments for different capacity transactions. Segmentation may be implemented by the Shipper by designating a number of discrete transportation combinations (receipt points to delivery points), each of which being equal to or less than Shipper's Primary Capacity for that pipeline Segment. The applicability and prerequisites for Segmentation are described in Section 8 of the GT&C.

1.62 "Shipper" – shall mean any person or entity which either (a) is receiving service under an effective TSA on Transporter's System; (b) has executed a service agreement under any rate schedule; or (c) has completed a request for service.

1.63 "Short-Term Firm" – shall mean firm service applicable to a TSA with a term less than one year.

1.64 "Strained Operating Condition" or "SOC" – shall mean the operating condition(s) described in Section 11.1(a) of the GT&C.

1.65 "Transportation Service Agreement" or "TSA" – shall mean the contract between Transporter and Shipper setting forth rights and obligations of the parties with respect to the transportation of Natural Gas.

1.66 "Transportation Service Provider" – shall mean Transporter and any other natural gas pipeline subject to regulation by FERC.

1.67 "Transporter"– shall mean Ruby Pipeline, L.L.C.

1.68 "Transporter's System" – shall mean Transporter's System as displayed on the map set forth in this Tariff together with Transporter’s off-system capacity described in GT&C Section 4.6, to the extent applicable.
2. MEASUREMENT

2.1 Unit of Measurement and Metering Base - The volumetric measurement base shall be 1 cubic foot of Gas at a pressure base of 14.73 pounds per square inch absolute, at a temperature base of 60 degrees Fahrenheit, and without adjustment for water vapor.

The cutoff for closing measurement is five Business Days after the business Month (NAESB WGQ Standard 2.3.7). Measurement data that is missing or late at the cutoff is to be estimated pursuant to NAESB WGQ Standard 2.3.13. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production Month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business Month (NAESB WGQ Standard 2.3.11). For reporting measurement prior period adjustments, report it with the restated line item with the new total quantity for the Day and Month (NAESB WGQ Standard 2.3.12).

2.2 Measurement data corrections shall be performed pursuant to NAESB WGQ Standard 2.3.14. Measurement data corrections should be processed within 6 Months of the production Month with a 3-Month rebuttal period. 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 2.3.14). This 3-Month rebuttal period shall begin with the interested party issuing a written notification that a measurement dispute exists. These disputes will apply to measurement errors that involve quantities for which Transporter has direct custody transfer responsibilities, as well as volumes measured by other companies that have been audited by Transporter.

2.3 Measurement data available upstream of aggregated points should be sent to the allocating party and used to allocate the aggregated volume back to the upstream points (NAESB WGQ Standard 2.3.8).

2.4 Transporter's measurement information provided via electronic delivery mechanism (EDM) shall conform to the requirements of the Data Dictionary standards as set forth in NAESB WGQ Standards 2.4.4 and 2.4.5.

2.5 Atmospheric Pressure. For the purpose of measurement, calculation and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time.
2.6 Temperature. The temperature of the Gas shall be determined at the points of measurement by means of a properly installed temperature transmitter of standard manufacture determined by Transporter in exercise of its reasonable judgment to be installed in accordance with the recommendations contained in API 14.3 and 21.1 First Edition (Orifice Metering of Natural Gas). In the event electronic computer measurement is used, average daily temperature will be computed as a running average of data determined during each computer scan.

2.7 Determination of Heating Value and Specific Gravity. The gross Heating Value and specific gravity of the Gas may be determined by Gas chromatographic analysis. This shall be done by either a Gas sample or by an on-line Gas chromatograph. In the event a continuous Gas sampling device is used, intervals mutually agreed upon should not be less than every Month. The determination of gross Heating Value and specific gravity from chromatograph shall input continuously into the computer for quantity calculations. In the event a continuous Gas sampler is installed, then the gross Heating Value and specific gravity shall be determined in the laboratory by chromatograph. Such determinations shall be considered as the gross Heating Value and specific gravity of all Gas delivered during the applicable period of sampling. All gross Heating Value and specific gravity determinations made with a chromatograph shall use physical Gas constants for Gas compounds, as outlined in AGA 5 with any subsequent amendments or revisions to which the parties may mutually agree.

2.8 Supercompressibility. The measurement hereunder shall be corrected for deviation from Boyle’s law in accordance with AGA Report No. 8, as amended from time to time.
2.9 Measurement Equipment

(a) Unless otherwise agreed between Transporter and Operator/Interconnecting Party, Transporter will install, maintain, operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of Gas received and delivered hereunder shall be determined. Subject to the terms of the interconnect agreement at Transporter’s sole election, Shipper may install check-measuring equipment at its own cost and expense, provided such equipment shall be so installed as not to interfere with the operations of Transporter. The reading, calibrating, and adjusting of electronic computer components and/or mechanical recording instruments thereof shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both Transporter and Shipper 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 Transporter 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 their owner, but upon request, each will submit within 10 Days to the other its records, together with calculations therefrom, for inspection, subject to return within 30 Days after receipt thereof. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided in the applicable agreement, shall not be used in the measurement of Gas for purposes of the Agreement.

(b) Orifice Meters. Orifice meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 3 "Orifice Metering of Natural Gas."

(c) Ultrasonic Meters. Ultrasonic meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 9 "Measurement of Gas by Multipath Ultrasonic Meters."

(d) Positive Displacement Meters. Positive displacement meters shall be installed and Gas volumes computed in accordance with generally accepted industry practices.

(e) Electronic Flow Computers. Electronic flow computers shall be used for direct computation of Gas flows for custody transfer in accordance with the standards prescribed in API 21.1.

(f) 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 Transporter in exercise of its reasonable judgment provided that the new method or technique reflects generally accepted industry practices. Transporter shall promptly inform all Shippers of any new technique adopted.
2.9 Measurement Equipment (continued)

(g) Calibration and Test of Meters. The accuracy of all measuring equipment shall be verified by Transporter at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor Transporter shall be required to verify the accuracy of such equipment more frequently than once in any 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.

(h) Correction of Metering Errors. If, upon test, the measuring equipment is found to be in error by not more than one percent (1%), previous recordings of such equipment shall be considered accurate in computing deliveries, but such equipment shall be adjusted at once to record accurately. If, upon test, the measuring equipment shall be found to be inaccurate by an amount exceeding one percent (1%), at a recording corresponding to the average Hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon between Transporter and Shipper/Operator. In case the period is not known or agreed upon by Transporter and Shipper/Operator, such correction shall be for a period equal to one-half of the time elapsed since the date of the last test.

(i) 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 which is feasible:

(i) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation.

(ii) By using the registration of any check meter or meters, if installed and accurately registering.

(iii) By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

(j) Preservation of Records. Shipper and Transporter shall preserve for a period of at least 3 years, or for such longer period as may be required by appropriate authority, all test data and other similar records.
3. QUALITY

3.1 Gas Quality Specifications. The Gas which Shipper delivers to Transporter at a receipt point for transport and the Gas Transporter delivers to Shipper at a delivery point shall comply with the following requirements:

(a) Heating Value

(i) Receipt - The Gas Shipper delivers to Transporter at a receipt point for transport shall contain a gross Heating Value of not less than 995 Btu per standard cubic foot or more than 1080 Btu per cubic foot; provided, however, Transporter may accept gas as low as 950 Btu per standard cubic foot and up to 1150 Btu per standard cubic foot provided the commingled Gas stream can be delivered within the specifications described in GT&C Section 3.1(a)(ii) below, and Transporter determines such acceptance will not interfere with Transporter’s ability to (1) maintain prudent and safe operation of part or all of Transporter’s pipelines system, (2) ensure that such Gas does not adversely affect Transporter’s ability to provide service to others, and (3) ensure that such Gas does not adversely affect Transporter’s ability to tender Gas for delivery to downstream pipelines or end-users.

(ii) Delivery - The Gas Transporter delivers to Shipper (or to Operator on Shipper’s behalf) shall contain a gross Heating Value of not less than 995 Btu per standard cubic foot or more than 1080 Btu per cubic foot.

(iii) In the event Transporter cannot blend to delivery Gas specifications described in Section 3.1(a)(ii) above, Transporter shall reduce receipt sources that are less than 995 Btu or higher than 1080 Btu, depending on whether the Gas to be delivered is too low or too high in Btu content by first reducing the receipt source with the greatest variance from either the low or high end of the range (depending on which variable is outside the delivery specification), and then by reducing the receipt source with the next greatest variance, and continuing in similar fashion, to the extent necessary until a blended commingled Gas stream can be delivered within the specifications described in Section 3.1(a)(ii) above.

(b) Dust, Gums and Solid Matter – The Gas shall be commercially free from dust, gums, gum-forming constituents, dirt, impurities, or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the pipelines, regulators, meters, or other equipment of Transporter.

(c) Total Sulfur – The Gas shall not contain more than 1 grain of total sulfur (including the sulfur in hydrogen sulfide and mercaptans) per 100 standard cubic feet. The Gas shall also meet the following individual specifications:
3.1 Gas Quality Specifications (continued)

(c) Total Sulfur (continued)
   (i) Hydrogen Sulfide - Shall not contain more than .25 grain of hydrogen sulfide per 100 standard cubic feet of Gas;

   (ii) Mercaptan Sulfur – The mercaptan sulfur content shall not exceed more than .3 grain per 100 standard cubic feet; and

   (iii) Organic Sulfur – The organic sulfur content shall not exceed .75 grain per 100 standard cubic feet, which includes mercaptan, mono-, di- and poly-sulfides, but it does not include hydrogen sulfide, carbonyl sulfide or carbon disulfide.

(d) Oxygen - The Gas shall not at any time have an oxygen content in excess of 1,000 parts per million by volume and the parties hereto shall make every reasonable effort to keep the Gas free of oxygen.

(e) Temperature

   (i) At Receipt Points - The Gas shall be received at a temperature not to exceed 120 degrees Fahrenheit or less than 25 degrees Fahrenheit.

   (ii) At Delivery Points - The Gas shall be delivered at a temperature not to exceed 100 degrees Fahrenheit or less than 45 degrees Fahrenheit, except in the case of extreme weather conditions where Gas may be delivered at a temperature below 45 degrees Fahrenheit for short periods of time.

(f) Carbon Dioxide - The Gas shall not contain more than 2 percent by volume of carbon dioxide but Transporter may accept up to 3 percent carbon dioxide provided the commingled Gas stream can be delivered at no more than 2 percent carbon dioxide and Transporter determines that such acceptance will not interfere with Transporter’s ability to (1) maintain prudent and safe operation of part or all of Transporter’s pipeline system, (2) ensure that such Gas does not adversely affect Transporter’s ability to provide service to others, and (3) ensure that such Gas does not adversely affect Transporter’s ability to tender Gas for delivery to downstream pipelines or end-users. In the event Transporter cannot blend to deliver Gas at 2 percent Carbon Dioxide, Transporter shall reduce receipt sources that are greater than 2 percent Carbon Dioxide content, first by reducing the receipt source with the highest gas quality variance above 2 percent Carbon Dioxide, and then by reducing the receipt source with the next highest gas quality variance above 2 percent Carbon Dioxide, and continuing in similar fashion, to the extent necessary until a blended 2 percent commingled Gas stream can be delivered.
3.1 Gas Quality Specifications (continued)

(g) Water Vapor – The Gas shall not contain water vapor in excess of 5 pounds per million standard cubic feet of Gas.

(h) Deleterious Substances - The Gas shall not contain deleterious substances in concentrations that are hazardous to health, injurious to pipeline facilities, or adversely affect merchantability. Such substances include, but are not limited to bacteria, pathogens, toxic materials, and polychlorinated bithenyls.

(i) Hydrocarbon Dew Point – The Gas shall not have a hydrocarbon dew point exceeding 25 degrees Fahrenheit as calculated from the Gas composition at pressures between 100 p.s.i.a. and the maximum allowable operating pressures of Transporter's transmission facility.

3.2 Shipper's Failure to Meet Specifications. Should any Gas tendered by Shipper to Transporter hereunder fail at any time to conform to any of the specifications of this section, Transporter shall notify the Shipper responsible for any such failure, and Transporter may suspend all or a portion of the receipt of any such Gas which may jeopardize Transporter's ability to meet its obligations to its other Shippers or endanger the safe operation and integrity of Transporter's System. Transporter shall be relieved of its obligations hereunder to the extent of rightful suspension for the duration of such time as such off-specification Gas tendered by such Shipper does not meet the specifications; provided, however, such suspension by Transporter shall not relieve Shipper of its payment obligations hereunder. Upon receipt of notice by Transporter, Shipper shall, at its expense, make a diligent effort to correct such failure by treatment, heating, cooling, or dehydration consistent with prudent operation so as to tender Gas conforming to the specifications in GT&C Section 3.1.

3.3 Transporter may accept any Gas that does not meet the specifications set forth in Section 3.1 on a short-term basis for operational reasons which may include plant start-ups, plant upsets, or line freeze-offs.

3.4 Waiver of Quality Specifications. Transporter, in its reasonable discretion and judgment, may waive the Gas quality specifications at any receipt point to accept Gas that does not conform to the quality specifications set forth in this section, if Transporter determines that such acceptance will not interfere with Transporter's ability to: (1) maintain prudent and safe operation of part or all of Transporter's pipeline system, (2) ensure that such Gas does not adversely affect Transporter's ability to provide service to others, and (3) ensure that such Gas does not adversely affect Transporter's ability to tender Gas for delivery to a downstream pipeline or end-user. Transporter may post waivers on its EBB at its discretion and will report waivers in accordance with Part 358 of the Commission’s Regulations.
3.5 Commingling. Gas delivered by Shipper will be commingled with the Gas of other Shippers in the system. Accordingly, Shipper's Gas shall be subject to such changes in gross Heating Value and other specifications as may result from such commingling.

3.6 Biomethane. Biomethane refers to the portion of biogas that has been cleaned of other gases from sources that may include feedstock waste, landfill gas, wastewater treatment operations, co-digestion facilities. Biomethane must be free from bacteria, pathogens, and any other substances injurious to utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications in this Section 3 of the GT&C.

3.7 Delivery Point Obligations. Upon mutual agreement between Transporter and the downstream Interconnecting Party, Transporter may temporarily deliver Gas that does not conform to the quality specifications set forth in Section 3.1 of the GT&C, if Transporter, in its reasonable operational judgment and in a not unduly discriminatory manner, determines that such delivery of Gas will not interfere with Transporter's ability to: (1) maintain prudent and safe operation of part or all of Transporter's pipeline system, (2) ensure that such agreement does not adversely affect Transporter's ability to provide service to others, and (3) ensure that such agreement does not adversely affect Transporter's ability to tender Gas for delivery to another downstream pipeline or end-user. Transporter may post waivers on its EBB at its discretion and will report waivers in accordance with Part 358 of the Commission’s Regulations.

3.8 Odorization. Unless mutually agreed between Transporter and delivery point Operator/Interconnecting Party, Transporter shall have no obligation whatsoever to odorize the Natural Gas delivered, nor to maintain any odorant levels in such Natural Gas. Notwithstanding Section 25.2 herein, Shipper agrees to indemnify and hold harmless Transporter, its officers, agents, employees and contractors against any liability, loss or damage, including litigation expenses, court costs and attorneys' fees, whether or not such liability, loss or damage arises out of any demand, claim, action, cause of action, and/or suit brought by Shipper or by any person, association or entity, public or private, that is not a party to the TSA, where such liability, loss or damage is suffered by Transporter, its officers, agents, employees and/or contractors as a direct or indirect result of any actual or alleged sole or concurrent negligent failure by Transporter or any actual or alleged act or omission of any nature by Shipper to odorize the Natural Gas or product delivered under the TSA or to maintain any odorant levels in such Natural Gas or product.
REQUESTS FOR SERVICES
4. REQUESTS FOR SERVICES

4.1 Request for Service. In order to complete a valid request for service, a Shipper must comply with the provisions of Section 4.2 and 4.12 below. Transporter is not obligated to provide service for requests for less than 100 Dth/Day or for time periods of less than one Month.
4. REQUESTS FOR SERVICES

4.2 Information to be Provided. A request for service shall be deemed valid and complete upon the following information being accurately and properly entered into Transporter’s EBB. A Shipper may either enter the information directly into Transporter’s EBB or furnish the information to Transporter and request that Transporter enter the information into Transporter’s EBB 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 Transporter enter the information into Transporter’s EBB 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 Transporter’s EBB.

(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 Transporter.

(d) Shipper's Dun and Bradstreet (DUNS) number.

(e) Type of service: FT, IT, SS-1, PAL or HSP

(f) The initial term of the service, including beginning and ending dates.

(g) The Maximum Delivery Quantity under the contract

(h) Receipt and delivery points requested

(i) Daily quantity at each receipt point(s) _____Dth/Day.
    Daily 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 Transporter:

(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; and
4. REQUESTS FOR SERVICES

4.2 Information to be Provided (continued)

(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.
4. REQUESTS FOR SERVICES

4.3 Capacity Bidding and Evaluation Criteria.

(a) A Shipper bidding for released firm capacity from another Shipper must follow the procedures of Section 9.

(b) Transporter may grant requests for firm service, either on a first-come-first-served basis or through an open season, 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 Business Days from the date the request is granted.

(c) Transporter 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 is available due to the termination of an existing contract or the reduction of contracted volume under an existing contract;

(iii) The request is for the next season of winter-time only capacity, pursuant to Section 2.5 of Rate Schedule FT; or

(iv) The request involves the modification or construction of facilities or the issuance of any necessary certificate authorization.
4. REQUESTS FOR SERVICES

4.3 Capacity Bidding and Evaluation Criteria (continued)

(d) Should Transporter conduct an open season, it will post a notice of availability of the uncontracted-for capacity on its EBB to afford all potential Shippers an opportunity to acquire the capacity. Any party wishing to purchase the capacity, and who meets Transporter's creditworthiness requirements, may participate in the open season. Transporter will award the capacity on a net present value basis using nondiscriminatory and objective posting and evaluation criteria specified in the notice of open season. When an open season is being conducted, all applicable requests for service will be treated under this open season process.

(e) Transporter will 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. The open season will comply with the requirements of Section 4.3(d) above.

(f) If Transporter sells firm capacity pursuant to Section 4.3(c)(i), that capacity will be made available to other shippers on an interim basis up to the commencement date of the prospective firm TSA. Where the requested start date of the prospective capacity extends more than one year into the future and the interim capacity would otherwise be eligible for the ROFR if it is acquired at the maximum applicable tariff rate, Transporter will limit the ROFR rights of such interim capacity. If ROFR rights are limited, the TSA will note the limitation.
4. REQUESTS FOR SERVICES

4.4 If Shipper fails to execute an agreement or any amendment thereto tendered by Transporter in response to a valid request for service within 30 Days of the date tendered, Shipper's request to change its transportation service shall be deemed null and void.
4. REQUESTS FOR SERVICES

4.5 Capacity Reserved for Expansion Projects. Transporter may elect to reserve for future expansion projects, any unsubscribed capacity or capacity under expiring or terminating TSAs where such TSAs do not have a ROFR or Shipper does not exercise its ROFR.

(a) Capacity may be reserved up to one year prior to Transporter filing for certificate authority for construction of proposed expansion facilities, and thereafter until all expansion facilities are placed into service.

(b) Transporter 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 Transporter posts such capacity as being reserved. Transporter will not, absent Commission approval, accept advance payments to reserve capacity under this Section 4.5.

(c) If Transporter elects to reserve capacity, it will notify Shippers of its intent as part of its posting of capacity on its EBB. Transporter'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, Transporter 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 ROFR. To the extent Transporter 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 Transporter shall post the non-binding solicitation for turnback capacity no later than 90 Days after the close of the expansion project open season. Transporter shall make reasonable efforts to update the posting up to the in-service date of the project to reflect any material project changes.
4. REQUESTS FOR SERVICES

4.5 Capacity Reserved for Expansion Projects (continued)

(d) Transporter will make capacity available through an open season or an EBB capacity posting before Transporter reserves such capacity for a future expansion project. If Transporter elects to hold an open season to make capacity generally available, Transporter 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, Transporter 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, Transporter 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 GT&C on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term TSAs, Transporter reserves the right to limit any term extension rights provided in the TSA and pursuant to Section 4.9 commensurate with the proposed in-service date of the expansion project. Transporter 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 EBB as generally available capacity within 30 Days of the date that the project terminates.
4. REQUESTS FOR SERVICES

4.6 Off-System Capacity

(a) Transporter may enter into transportation and/or storage agreements with upstream and downstream entities, including other interstate and intrastate pipelines and storage providers ("off-system capacity"). In the event Transporter acquires off-system capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers on the acquired capacity, pursuant to Transporter's Tariff and subject to Transporter's currently approved rates (including any third party charges required to be paid pursuant to Section 4.6(b).) In the event the off-system capacity is subject to renewal limitations, as specified in the third-party pipeline's tariff and/or provided by FERC Regulations, Transporter will indicate in its posting of firm unsubscribed capacity any limitation to the extension rights that will apply as a result of such limitations on the off-system capacity. For purposes of transactions entered into subject to this section, the "Shipper must hold title" requirement shall not be applicable to the acquired capacity.

(b) Third Party Charges. If Transporter acquires off-system capacity from a third party(s) pursuant to Section 4.6(a) above and provides transportation and/or storage service for the benefit of Shipper(s), such Shipper(s) may, on a not unduly discriminatory basis, be required to pay Transporter, in addition to any applicable rates and charges assessed pursuant to Transporter's Tariff, the rates and charges Transporter is obligated to pay such third party(s) for the off-system capacity acquired on behalf of the shipper. Off-system capacity charges incurred by Transporter shall be borne by the Shipper(s) using the off-system capacity. Such charges may include, but are not limited to, daily reservation and commodity charges and applicable surcharges, fuel and power charges or retention, compression fees, balancing or storage fees, measurement fees, processing fees and/or facility charges that are assessed by the third party. Unless otherwise mutually agreed, such Third Party Charges shall be assessed by Transporter to Shipper(s) in the same manner (fixed rate, volumetric, etc.) the charges are assessed to Transporter and set forth as separate items on the monthly invoices rendered to Shipper.

(i) If Transporter receives refunds or credits from a third party pipeline which are directly related to Third Party Charges, such refund or credits would be flowed through to the appropriate Shipper(s) to the extent that the rate paid by the Shipper exceeds the net rate (after refund) Transporter has actually paid and Transporter has otherwise fully recovered its costs for such off-system capacity.
4. REQUESTS FOR SERVICES

4.6 Off-System Capacity (continued)

(c) Any off-system capacity acquired by Transporter from a third party and contracted for at the request of a Shipper which is not used by that Shipper or a Replacement Shipper shall be offered to other Shippers on a secondary and interruptible basis, pursuant to Transporter's FERC Gas Tariff and subject to Transporter's currently effective rates, including any applicable Third Party Charges, as such tariff and rates may change from time to time. Transporter will indicate in its posting of any off-system capacity available for service whether any Third Party Charges will apply to the use of such off-system capacity.

(d) For purposes of capacity release, any off-system capacity acquired by Transporter from a third party will be treated under the terms and conditions of Transporter’s Tariff.
4. REQUESTS FOR SERVICES

4.7 Electronic Execution of Agreements - For all TSAs (including all Park & Loan Agreements, Park and Loan Service Request Orders, SS-1 Agreements, and HSP Agreements 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 TSAs for purposes of this Section 4.7), Transporter and Shipper may execute such TSAs 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 TSA is pending execution. For TSAs requiring filing with the Commission, Transporter may submit either electronic or traditional paper TSAs.

(a) The TSA shall be deemed to be executed by Shipper when the Shipper accepts the TSA electronically via Transporter's EBB. The TSA shall be deemed to be executed by Transporter when Transporter accepts the Shipper's TSA using the EBB. Upon acceptance by both Shipper and Transporter, the TSA will be deemed fully executed. A TSA 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 Transporter electronically execute a TSA and the Shipper later requests a traditional paper TSA, the electronic TSA shall be deemed the original until the paper TSA is executed by both parties.

(c) If a TSA contains provisions that must be reviewed by the Commission and the TSA is not accepted by the Commission, then Transporter and Shipper shall collaborate to remedy any deficiencies.
4. REQUESTS FOR SERVICES

4.8 Changes to Shipper’s Transportation Service. If Shipper desires to change its transportation service, it must request the change using the process described in Section 4.2. If Transporter agrees to the requested amendment, it will prepare and tender to Shipper an amendment to the TSA.
4. REQUESTS FOR SERVICES

4.9 Right-of-First-Refusal ("ROFR")

(a) Any Shipper with a firm TSA for Transportation service shall have a ROFR, as described in this Section 4.9, for the capacity underlying the Shipper's TSA provided that:

(i) The TSA is a maximum rate contract for 12 or more consecutive Months of service; the TSA is a multi-year seasonal contract at the maximum rate for services not offered by the pipeline for a full 12 Months; or, the TSA is a multi-year winter-time contract at the maximum rate. If a Shipper has entered into a firm TSA utilizing off-system capacity contracted for pursuant to GT&C Section 4.6, it may not elect to extend the term of its agreement beyond the term of Transporter's agreement for such off-system capacity.

(ii) Shipper complies with the requirements set forth in this Section 4.9 herein;

(iii) Shipper does not have a discounted or negotiated rate firm TSA except as provided in Section 4.9(f); and

(iv) Shipper does not have an interim TSA for entitlements associated with expansion projects as set forth in Section 4.5(a).

(b) A Shipper may only exercise its ROFR to retain a percentage of the MDQ in a TSA subject to ROFR and may exercise its ROFR on contractual stepdown quantities in a TSA subject to ROFR.

(c) Shipper Notice of Intent to Exercise.

(i) For all firm TSAs eligible for the ROFR, Shipper shall provide notice to Transporter in writing of its intent to exercise its ROFR rights.

(ii) Except as described in Section 4.9(c)(v) below, notification of the Shipper's intent is due on or before;

A. six (6) Months prior to the expiration date for firm TSAs with a term of three years or less;

B. twelve (12) Months prior to the expiration date for firm TSAs with a term greater than three years.
4. REQUESTS FOR SERVICES

4.9 Right-of-First-Refusal ("ROFR") (continued)

(c) Shipper Notice of Intent to Exercise (continued)

(iii) A Shipper shall relinquish all rights to the capacity underlying its firm TSA upon termination of the TSA by providing a notice stating that it will not exercise its ROFR rights or by failing to provide notice of its intent to exercise its ROFR rights by the deadline described above.

(iv) If the TSA contains an evergreen provision, the ROFR provisions of this section will not apply until one party provides notice of termination or the TSA has reached the end of the evergreen period.

(v) If Transporter 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 ROFR, Transporter may issue a separate notice during or after the open season that requires Shippers (except for Initial Shippers) to elect either (1) to terminate their respective TSAs at the end of the primary term, (2) to extend the term of their respective TSAs to a term that is no less than the term established in the open season, or (3) initiate ROFR notice processes concurrently with the open season instead of under GT&C Section 4.9(c)(i). If Transporter issues the separate notice, Transporter shall issue such ROFR notice to all Shippers (except for Initial Shippers) whose TSAs will expire within 36 Months from the proposed in-service date of the expansion project. Shippers will have 20 Business Days from the date of Transporter’s notice or until the end of the open season, whichever is longer, to notify Transporter of its election. An extension under item (2) above shall be at the maximum recourse rate.

(d) Solicitation of Bids. If the Shipper provides notice of its intent to exercise ROFR rights, then Transporter shall solicit competing bids for the subject capacity no later than 60 Days prior to expiration of the TSA. Transporter shall post on its EBB for 30 Days the terms and conditions of the expiring TSA. Any Party qualified under the capacity release rules of this Tariff may submit a bid for all, or any portion of, the subject capacity during the bid period.
4. REQUESTS FOR SERVICES

4.9 Right-of-First-Refusal ("ROFR") (continued)

(e) Existing Shipper's Right to Match. Within ten Business Days after the close of the bid period, Transporter shall notify the existing Shipper of the best offer or offers received for the expiring capacity. Transporter's evaluation shall be based on one of the capacity release bid evaluation methods listed in Section 9.11(d). Transporter shall identify the method to be used in its solicitation of bids. The term of any competing offer shall not be capped for comparison purposes. Within ten Business Days after such notification by Transporter, the existing Shipper must notify Transporter of its intent to match the best offer(s). If the existing Shipper does not agree to match the best offer(s), then the existing Shipper relinquishes all rights to such capacity. Transporter may enter into a TSA with the bidder(s) submitting the highest offer(s). However, Transporter shall not be required to enter into a TSA that is at less than Transporter's applicable maximum tariff rate.

(f) Contractual ROFR in Firm TSAs. Transporter and Shipper may agree to include a right ROFR clause in a firm TSA, including negotiated rate firm agreements. The contractual ROFR clause provides the Shipper a right defined in Section 4.9 of the GT&C even where the regulatory right does not apply. In such a case, the TSA shall include a contractual ROFR.

(g) In the event there are no competing offers, the existing Shipper shall not be entitled to continue to receive transportation service upon the expiration of its contract except by agreeing to pay the maximum tariff rate unless Transporter and such Shipper enter into a new firm TSA providing otherwise.

(h) Capacity that is sold on an interim basis up to the commencement date of a prospective firm transportation agreement, pursuant to Section 4.3(f) of the GT&C, shall not be eligible for a ROFR.
4. REQUESTS FOR SERVICES

4.10 Extension Rights. Transporter and Shipper may mutually agree to an evergreen, renewal, or rollover provision in the TSA that would allow the TSA to continue beyond its primary term. If the TSA contains such a provision, the ROFR provisions of this section will not apply until the evergreen, renewal, or rollover right set forth in the TSA terminates or is waived. If a Shipper has entered into a firm TSA utilizing off-system capacity contracted for pursuant to Section 4.6, such Shipper may not elect to extend the term of its TSA beyond the term of Transporter's agreement for such off-system capacity. If Transporter 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, Transporter may issue a separate notice during or after the open season informing Shippers (except for Initial Shippers) of its election to terminate the evergreen, renewal, or rollover right pursuant to the TSA. If Transporter issues the separate notice, Transporter shall issue such notice to all Shippers (except for Initial Shippers) whose TSAs will expire within 36 Months from the proposed in-service date of the expansion project.
4. REQUESTS FOR SERVICES

4.11 Contract Extension.

(a) Transporter and Shipper may mutually agree to the early termination of one or more TSAs in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that Transporter 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 EBB as unsubscribed available capacity prior to the extension.

(b) Except as provided in Section 4.9(c)(v) of the GT&C, prior to the expiration of the term of a TSA, Transporter and Shipper may mutually agree to renegotiate the terms of the TSA 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 a TSA is subject to ROFR, the agreement to extend must be reached prior to the receipt of an acceptable bid submitted pursuant to Section 4.9 of the GT&C.

(c) When an agreement is subject to ROFR, 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 agreement.
4. REQUESTS FOR SERVICES

4.12 Creditworthiness.

(a) Creditworthiness Requirement. A Shipper or Operator wishing to obtain service must first satisfy the creditworthiness requirements of this Tariff.

(b) Criteria for Creditworthiness Determination

(i) Acceptance of a Shipper's request for service and the continuation of service are contingent upon the Shipper satisfying, both initially at the time of any service request and on an on-going basis, a credit appraisal by Transporter. Transporter may require a higher level of credit demonstration (which would be described in the TSA) for requests for service that require the construction of initial or expansion facilities.

(ii) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested service agreement.

(iii) A Shipper with a TSA term less than 20 years will be deemed creditworthy if: (i) its senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper's long term issuer rating is at least A- by S&P or A3 by Moody's (in the event of multiple agency ratings, the lowest is used), (ii) Shipper's short term and long term outlook opinion is Stable or Positive from S&P or Moody's, and (iii) the sum of 12 Months of anticipated charges under a firm or interruptible TSA is less than 10% of Shipper's tangible net worth. In the event Shipper is rated by multiple agencies, the lowest rating shall be used. If the Shipper has multiple TSAs with Transporter, then the total of all such TSAs shall be considered in determining creditworthiness.

(iv) If Shipper is not rated by S&P or Moody's but has a parent that can satisfy the requirements of Section 4.12(b)(iii), then a Shipper may use its parent's credit rating and financial strength if a guarantee acceptable to Transporter is provided.

(c) If Shipper is unable to satisfy the requirements of Section 4.12(b)(iii), or Shipper requests a TSA with a term of 20 years or more, or in the event that Shipper at any time during the term of the TSA fails to satisfy the requirements of Section 4.12(b)(iii), Transporter will perform a creditworthiness review. As a part of this review, Transporter may require, either with the request for service or at any future time as Transporter deems necessary to conduct on-going credit evaluations of Shipper, that the Shipper provide Transporter with additional information to allow Transporter to determine the Shipper's creditworthiness.
4. REQUESTS FOR SERVICES

4.12 Creditworthiness

(c) (continued)

If the service under review involves service under an existing TSA, Shipper must provide the additional information within five Business Days of the request for such information. If the service under review involves service under a new TSA, the information must be provided before Shipper's request may be deemed a valid request for service.

Transporter may request Shipper provide any or all of the following information:

(i) a copy of Shipper's audited financial statements for the previous two fiscal year ends certified by the Chief Financial Officer or Chief Accounting Officer of the Shipper (which certificate shall state that such financial statements fairly present the financial condition and results of operations of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Shippers, prepared in accordance with equivalent standards;

(ii) a copy of Shipper's financial statements for the most recent period available, which may be unaudited, but if unaudited, must be signed and attested by Shipper's President and Chief Financial Officer as fairly representing the financial position of the company;

(iii) a bank reference and at least two trade references, the results of which references and any credit reports submitted herein must show that Shipper's obligations are being paid on a reasonably prompt basis;

(iv) a written confirmation by Shipper that it is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction;

(v) a list of owners and/or shareholders of the entity, if privately held.
4. REQUESTS FOR SERVICES

4.12 Creditworthiness (continued)

(d) If Shipper is unable to satisfy the requirements of Sections 4.12(b)(iii) or Shipper is not determined to be creditworthy following Transporter’s receipt of any items required under Section 4.12(c), Shipper must provide and maintain adequate credit assurance satisfactory to Transporter in order to be granted a request for new service or to continue service under an existing TSA. If the service under review involves service under an existing TSA with a Shipper that has failed to demonstrate creditworthiness, the Shipper must bring its account with Transporter current by paying all past due invoice amounts owed to Transporter and provide, within five Business Days, payment in advance of one Month’s anticipated charges, as described in Section 4.12(d)(vi) below, in order to continue service for the current Month and within 30 calendar Days, the Shipper must provide the next three Months of credit assurance to continue service. Adequate assurance shall include at least one of the following at Shipper's election:

(i) an irrevocable letter of credit to Transporter, satisfactory to Transporter;

(ii) a deposit in advance for the service under review;

(iii) a grant to Transporter of a security interest in collateral found to be satisfactory to Transporter;

(iv) a guarantee acceptable to Transporter, by another person or entity which satisfies credit appraisal; or

(v) such other credit arrangement which is mutually agreed to by Transporter and Shipper and which is acceptable to Transporter on a not unduly discriminatory basis.

Upon Shipper's establishment of an acceptable credit record pursuant to Sections 4.12(b)(iii) or 4.12(c) or upon expiration of the TSA, Transporter shall return any unused portion of Shipper's letter of credit, deposit, security interest, or guarantee as applicable. If Transporter returns a deposit to Shipper, Transporter shall pay interest to Shipper at rates set pursuant to 18 CFR Section 154.501(d).

(vi) Such letter of credit, deposit, security interest or guarantee shall be equal to three Months of the highest estimated reservation and commodity charges, including estimated charges for Natural Gas imbalances during the term of the TSA.
4. REQUESTS FOR SERVICES

4.12 Creditworthiness (continued)

(e) If Shipper is found to be non-creditworthy, Transporter will inform Shipper, in writing upon Shipper's request, of the reasons for the determination.

(f) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for a request for new service, Transporter may deny the Shipper's request.

(g) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for service under an existing TSA, Transporter may, without waiving any rights or remedies it may have, terminate service upon 30-Day written notice using the notice procedures of Section 12.6 of the GT&C.

(h) Transporter may determine in its sole discretion that a Shipper that requests new service is not creditworthy to receive such service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past TSAs and Shipper has defaulted on such payments per the terms of Section 12 of the GT&C.

(i) If a Shipper has multiple TSAs with Transporter and defaults on one TSA, Transporter may deem a default by Shipper on that one TSA as a loss of creditworthiness on any and all other TSAs the Shipper has with Transporter.
4. REQUESTS FOR SERVICES

4.13 Discounting

(a) Transporter, upon mutual agreement with Shipper, may from time to time and at any time agree to adjust any or all of the rates applicable to any individual TSA on a non-discriminatory basis; provided, however, that unless such rate is a negotiated rate pursuant to Section 4.14 of the GT&C, such adjusted rate(s) shall not exceed the applicable maximum rate(s) nor shall they be less than the minimum rate(s) set forth on Statement of Rates for the applicable Rate Schedule. Discounts granted pursuant to this Section 4.13(a) will not constitute a material deviation from Transporter's Form of Service Agreement.

Transporter and Shipper may agree that a specified discounted rate will apply under the following conditions:

(i) to specified quantities under the Transportation Service Agreement;

(ii) to specified quantities achieving or not exceeding a certain level;

(iii) in a specified relationship to quantities actually transported;

(iv) to specified quantities during specified periods of time or during specified periods of the year;

(v) to specified quantities at specific receipt or delivery points or other geographical locations;

(vi) to production or reserves committed or dedicated to Transporter; or

(vii) that a specified discounted rate is based on a formula including, but not limited to, published index prices for specific receipt and/or delivery points or other agreed upon published pricing reference points (such discounted rate may be based upon the differential between published prices or arrived at by formula). Any agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., reservation charge or commodity charge or both) and any formula will provide a reservation rate per unit of contract demand. To the extent the firm reservation charge is discounted, the index price differential rate formula shall be calculated to state a rate per MDQ. Furthermore, such discount shall not change the underlying rate design or include any minimum bill or minimum take provision that has the effect of guaranteeing revenue.
4. REQUESTS FOR SERVICES

4.13 Discounting

(a) (vii) (continued)

In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is less than the applicable minimum rate due to a change in Transporter’s maximum (minimum) rates so that such rate component must be adjusted downward (upward) to equal the new applicable maximum (minimum) rate, then other rate components may be adjusted upward (downward) to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate or are less than the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff provisions. Nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.
4. REQUESTS FOR SERVICES

4.14 Negotiated Rate Authority

(a) Authority and Conditions. Notwithstanding anything to the contrary contained in this Tariff, including the rate schedules contained herein, Transporter and Shipper may agree to a rate or rates to be charged for service pursuant to any rate schedule contained in this Tariff (including rates derived from a formula) that may vary in form or level from the maximum-to-minimum ranges set forth on Statement of Rates of this Tariff ("Negotiated Rate"). This provision does not allow Transporter and Shipper to negotiate terms and conditions of service.

(i) Transporter's maximum applicable rates (plus all applicable charges and surcharges) for service under any such rate schedule are available as recourse rates for any Shipper that elects not to negotiate a Negotiated Rate.

(ii) Negotiated Rates shall be mutually agreed to and set forth in writing.

(iii) Transporter and Shipper may agree to a Negotiated Rate for the entire term of a TSA, or may agree to a Negotiated Rate for some portion of the term of a TSA. Transporter and Shipper may agree to apply the Negotiated Rate to all or a portion of capacity under Shipper's TSA.

(iv) During the period a Negotiated Rate is in place, the Negotiated Rate shall govern and apply to Transporter's service under the TSA and the otherwise applicable rate, rate component, charge or credit shall not apply or be available to the Shipper. Only those rates, components, charges, surcharges or credits which are superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established, or imposed by this Tariff shall remain in effect. At the end of the period during which Negotiated Rates are in effect, the otherwise applicable Tariff rates or charges shall govern any service provided to Shipper.

(v) Prior to or on the same day as commencing service at such Negotiated Rate, Transporter shall file either: (i) the Negotiated Rate agreement; or (ii) a tariff provision advising the Commission of such Negotiated Rate agreement, stating the exact legal name of Shipper and specifying the actual Negotiated Rate or rate formula included in such agreement.
4. REQUESTS FOR SERVICES

4.14 Negotiated Rate Authority (continued)

(b) Impact on Other Provisions. A Shipper paying for service under a Negotiated Rate that is higher than the maximum rate for such service stated on the Statement of Rates is deemed to have paid the maximum rate for purposes of scheduling and capacity allocation pursuant to Section 6, for purposes of evaluating right-of-first-refusal bids pursuant to Section 4.9, and for purposes of selling capacity pursuant to Section 4 of the GT&C.

(c) Accounting for Costs and Revenues. Transporter will maintain accounting records so that revenues can be tracked to each Negotiated Rate transaction.
4. REQUESTS FOR SERVICES

4.15 Statutory Regulation. The respective obligations of Transporter and Shipper under the TSA are subject to the laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
4. REQUESTS FOR SERVICES

4.16 Assignments

(a) Assignable Parties. A Shipper may assign its TSA, in whole or in part, subject to the credit provisions of Section 4.12 and so long as Transporter is financially indifferent, to:

(i) any person, firm, or corporation acquiring all, or substantially all, of the Natural Gas business of said Party;

(ii) a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities; or

(iii) any person, firm, or corporation which shall succeed by purchase, merger, consolidation, sale or assignment to the interest, in whole or in part, in properties that produce or will produce Natural Gas transported or to be transported pursuant to the Shipper's TSA.

Upon assignment under GT&C Section 4.16(a), and appropriate notification to Transporter and Transporter's acceptance of that notice, (i) the assignee shall be entitled to the rights, including the related rights to pipeline capacity under the applicable Rate Schedule, and subject to the obligations of Shipper's TSA, and (ii) the assigning Shipper shall be relieved of its assigned rights and obligations under the TSA.

(b) If a Shipper wishes to assign a portion or all of its entire firm capacity under a TSA to a party not described above, it must do so using the capacity release provisions of this Tariff.
4. REQUESTS FOR SERVICES

4.17 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. In that event, Transporter shall only accept, and Shipper shall only make, nominations for service to be performed pursuant to 18 CFR 284.101 (Section 311) in accordance with the regulations governing the provisions of such service, and after Transporter has received an "on behalf of" letter acceptable to Transporter.
4. REQUESTS FOR SERVICES

4.18 Governing Law: The laws of the State of Colorado shall govern the validity, construction, interpretation and effect of TSAs and of the applicable Tariff provisions. TSAs are subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.
5. SERVICE CONDITIONS

5.1 Transporter shall not be required to perform or continue service on behalf of any Shipper that fails to comply with any and all applicable terms of this Tariff and the terms of Shipper's TSA with Transporter.

5.2 Transporter and Shipper acknowledge that the TSA does not prohibit either party from selling or transferring its own facilities; therefore, neither Transporter nor Shipper shall have any obligation to provide services under the TSA that requires the use of any facilities sold or transferred; provided, however, Transporter first shall obtain abandonment authorization, where such authorization authority is required, for any jurisdictional facilities it is seeking to sell or transfer. Nothing here shall limit Shipper’s right to intervene and protest in any such abandonment application.

5.3 Unless otherwise agreed to in writing, Transporter shall only be responsible for the maintenance and operation of its own properties and facilities and shall not be responsible for the maintenance or operation of any other properties or facilities connected in any way with the transportation of Natural Gas.

5.4 Transporter shall have the right to interrupt the transportation of Natural Gas when necessary to test, alter, maintain, modify, enlarge or repair any facility or property comprising a part of, or appurtenant to, Transporter's System, or otherwise related to the operation thereof. Transporter shall endeavor to minimize the duration of such interruptions and, except in cases of emergency, shall give Shippers advance notice of its intention to so interrupt the transportation of Natural Gas and of the expected magnitude of such interruptions.

5.5 Venting of Gas. To the extent Transporter is unable, in its sole operational judgment and discretion, to transport unauthorized daily overrun Gas without jeopardizing the safety and integrity of Transporter's operations, Transporter shall have the right to vent, without incurring any liability to Shipper, or any third party, such unauthorized daily overrun Gas as it is unable to transport. Transporter shall use its best efforts to avoid or minimize such venting.

5.6 Pressure

(a) Pressure at the receipt point(s). Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter's System, provided Shipper shall not, except with the agreement of Transporter, be permitted to tender the Gas at any receipt point at a pressure in excess of the maximum pressure specified for the receipt point quantity in Exhibit A of the TSA.
5.6 Pressure (continued)

(b) Pressure at the delivery point(s). Transporter shall tender Gas at the delivery point(s) at pressures sufficient to effect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the maximum pressure specified for each delivery point quantity in Exhibit A of the TSA.

(c) If mutually agreed upon in the TSA, Transporter may commit to maximum and minimum receipt and delivery pressure levels to Shippers on a not unduly discriminatory basis, and where necessary, upon specified conditions, to ensure that such commitments do not have any adverse effects on Transporter’s System. Such conditions may include volume limitations or other operational requirements to ensure the quality of service. Transporter will post on its EBB agreed-upon maximum and minimum receipt and delivery pressure commitments and any applicable operating conditions. Transporter will not agree to a maximum or minimum receipt or delivery pressure that will render it unable to meet its existing firm obligations and, upon request, will provide a written explanation to the Shipper explaining the operational basis for rejecting any request for a maximum or minimum pressure.
NOMINATIONS AND SCHEDULING PROCEDURES
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.1 Nomination Cycles (All times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard 0.3.17.)

(a) The Timely Nomination Cycle
On the day prior to gas flow:

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

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

(b) The Evening Nomination Cycle
On the day prior to gas flow:

6:15 p.m. Nominations leave control of the SR;
6:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
6:30 p.m. Transporter sends the quick response to the SR;
8:30 p.m. Transporter receives completed confirmations from confirming parties;
9:00 p.m. Transporter 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 WGQ Standard 1.3.2(ii))
6. NOMINATIONS AND SCHEDULING PROCEDURES
   6.1 Nomination Cycles (continued)

   (c) The Intraday 1 Nomination Cycle
   On the current Gas Day:
   10:15 a.m. Nominations leave control of the SR;
   10:30 a.m. Nominations are received by the Transporter (including from TTTSPs);
   10:30 a.m. Transporter sends the quick response to the SR;
   12:30 p.m. Transporter receives completed confirmations from confirming parties;
   1:00 p.m. Transporter 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 1.3.2(iii))

   (d) The Intraday 2 Nomination Cycle
   On the current Gas Day:
   2:45 p.m. Nominations leave control of the SR;
   3:00 p.m. Nominations are received by the Transporter (including from TTTSPs);
   3:00 p.m. Transporter sends the quick response to the SR;
   5:00 p.m. Transporter receives completed confirmations from confirming parties;
   5:30 p.m. Transporter 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 1.3.2(iv))

   (e) The Intraday 3 Nomination Cycle
   On the current Gas Day:
   7:15 p.m. Nominations leave control of the SR;
   7:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
   7:30 p.m. Transporter sends the quick response to the SR;
   9:30 p.m. Transporter receives completed confirmations from confirming parties;
   10:00 p.m. Transporter 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 1.3.2(v))
6. NOMINATIONS AND SCHEDULING PROCEDURES
   6.1 Nomination Cycles (continued)

   (f) 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 WGQ Standard 1.3.2(vi)).

   (g) Shown in Section 1 of Part VI: Illustrations is a representation of NAESB WGQ Standard 1.3.2 in tabular format.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.2 Nomination Procedures. Nominating parties will submit nominations to Transporter in accordance with the procedures and conditions set forth in this section. Except as provided below for certain nominations, Transporter will support the NAESB WGQ Standard 1.3.2 nomination cycles, as modified for the extension of the deadline for nominations to leave control of the nominating party (nomination deadlines) for an additional fifteen minutes. However, Transporter reserves the right to accept nominations after the deadlines specified in Section 6.1, provided that no Shipper will be disadvantaged by such action. All Shippers nominating to points on a third party’s transmission system, under off-system capacity acquired by Transporter, shall submit nominations in accordance with NAESB WGQ Standard 1.3.2.

(a) All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only (NAESB WGQ Standard 1.3.7).

(b) All nominations should include Shipper-defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, Shippers should have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of Shipper's contract (NAESB WGQ Standard 1.3.5). For the date specified in the nomination, all nominations received by Transporter at or prior to a nomination deadline for that date shall be processed in the next available nomination cycle pursuant to this section.

(c) Intraday Nomination Requirements.
(i) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles (NAESB WGQ Standard 1.3.32).

(ii) Intraday nominations are to be submitted in full-Day quantities.

(iii) Firm intraday nominations shall be scheduled ahead of previously scheduled interruptible nominations in the Evening, Intraday 1, and Intraday 2 Nomination Cycles. Application of this provision will result in such interruptible nominations being Bumped.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.2 Nomination Procedures (continued)

(c) Intraday Nomination Requirements (continued)

(iv) Transporter should provide affected Parties with notification of Intraday Bumps and Critical Notices through the affected Party's choice of Electronic Notice Delivery Mechanism(s) (NAESB WGQ Standard 5.3.34). "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM (NAESB WGQ Standard 5.2.2).

(v) Intraday Bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced (NAESB WGQ Standard 1.3.51).

(vi) Scheduling of intraday nominations shall be based on the elapsed pro rata scheduled quantities. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).

(vii) 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 1.3.11). Requests for decrease in flow shall only be accepted to the extent they do not represent a decrease below previous confirmed quantities which would have flowed on the requested Gas Day prior to the nominated decrease, assuming ratable hourly flow rates. Intraday nominations do not rollover (i.e. Intraday nominations span one Gas Day only). Intraday nominations may be used to nominate new supply or market (NAESB WGQ Standard 1.3.33).

(viii) Transporter will re-determine scheduled quantities, pursuant to the scheduling priorities of Section 6.3, at the Evening, Intraday 1, Intraday 2 and Intraday 3 Nomination Cycles when such scheduled quantities are affected by a discount requested by Shipper and granted by Transporter. Such re-determination may cause a discounted firm Shipper that receives a discount after Gas has been scheduled to be Bumped.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.2 Nomination Procedures (continued)
(c) Intraday Nomination Requirements (continued)

(ix) With respect to the confirmation process for intraday nominations, the following provisions apply:

1. Requests for Increases. In the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the previously scheduled quantity will be the new confirmed quantity.

2. Requests for Decreases. In the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity, but in no event will the new confirmed quantity be less than the elapsed-prorated-scheduled quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity will be the new confirmed quantity.

(x) Scheduling of Intraday Nominations. For purposes of determining the portion of any intraday nomination which is to be scheduled when available capacity is not sufficient to schedule all confirmed quantities, all intraday nominations shall first be accumulated with all prior confirmed daily and intraday nominations for that Gas Day and compared to Shipper's MDQ. For the intraday nomination being processed, if the cumulated nomination quantity is in excess of MDQ, that portion of the quantity in excess of MDQ and any subsequently processed intraday nomination under that TSA shall be considered as using overrun capacity.

(xi) Scheduling of Pool Nominations. When required by capacity constraints, nominations related to pooling agreement(s) shall be scheduled based on the priorities of the Downstream Shipper’s service agreement(s). When appropriate, such capacity allocations may supersede the priority ranking provided by the Pooler.

(d) Nominated Imbalance Quantities. Shippers shall separately nominate makeup and payback quantities to resolve imbalances.

(e) Overrun Nominations. Overrun quantities should be requested on a separate transaction (NAESB WGQ Standard 1.3.19); however, in the event that such excess quantities are included in other nominations, the excess portion of such nomination will be scheduled pursuant to Section 6.3.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.2 Nomination Procedures (continued)

(f) Responsibility for Nominated Quantities. When submitting nominations, the nominating party/Shipper is responsible for assuring that nominations are made in good faith and that sufficient Gas supplies are available at the nominated receipt point(s). Pursuant to the procedures specified above, Transporter will verify nomination information with the Interconnecting Party and will determine the confirmed quantity. Transporter is not responsible for assuring that the confirmed quantities are actually tendered to Transporter at the receipt point(s).

(g) Accuracy of Nominated Quantities. The nominating party/Shipper is responsible for the accuracy of nomination data. If Transporter determines that the confirming party/Shipper is consistently nominating greater quantities than the capacity of the meter or the party's ability to take such quantities, Transporter will reduce such nominations to the level of the most recent takes at that location.

(h) Transporter's Obligation to Deliver. For any Gas Day, Transporter shall not be obligated to deliver any greater quantity than it has confirmed and received. Further, Transporter is not obligated to increase or decrease quantities at any receipt or delivery point which have not been confirmed.

(i) Pooling Nominations. Except when noted below, all nominations related to Pools are subject to the nomination procedures set forth in GT&C Section 6.2.

   (i) With respect to nomination procedures, all Pooling nominations will identify the Pool as the delivery point.

   (ii) With respect to daily and Intraday nomination and confirmation schedules, the Pooler is responsible for submission of appropriate Pooling nominations to support confirmation of the Pool.

   (iii) With respect to nominated imbalance quantities, Poolers may not nominate out of balance, except to resolve existing imbalances.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.3 Scheduling of Receipts and Deliveries. Each Day, Transporter shall schedule the quantities nominated by Shippers in the order described hereinafter. Transporter shall schedule the lesser of the nominated quantity or the confirmed quantity. For scheduling priority purposes only, negotiated rates or Capacity Release Transactions resulting in a rate(s) that exceeds the related maximum rates will be deemed equivalent to maximum rates.

(a) The first quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule FT for transportation service utilizing Primary Capacity. If Transporter has insufficient capacity to schedule all nominated quantities as Primary Capacity, Transporter shall schedule pro rata based on contract entitlement at the point or the location on the path at which the capacity limitation occurs.

(b) The next quantities scheduled shall be those nominated and confirmed under Rate Schedule FT for transportation service involving Flow Path Secondary Capacity. Quantities using Flow Path Secondary Capacity will be scheduled on a pro rata basis using nominated and confirmed quantities.

(c) The next quantities scheduled shall be those quantities required by Transporter for fuel gas as provided for in Section 27 of the GT&C or gas quantities resulting from Operator make up/payback quantities under Operational Balancing Agreements, as defined in GT&C Section 10.5.

(d) The next quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule FT for transportation service using Secondary Capacity. Secondary Capacity quantities will be scheduled on a pro rata basis based on nominated quantities.

(e) The next quantities scheduled shall be those quantities nominated and confirmed under the following services: authorized overrun quantities under Rate Schedule FT and quantities under Rate Schedule IT. Under these services, a Shipper paying a higher commodity rate than another Shipper shall be scheduled first. Further, within this group, Shippers paying the same commodity rate shall be scheduled pro rata based on nominated quantities.

(f) The next quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule PAL. Under this service, a Shipper paying a higher commodity rate than another Shipper shall be scheduled first. Further, within this group, Shippers paying the same commodity rate shall be scheduled pro rata based on nominated quantities.

(g) The next quantities scheduled shall be imbalance and makeup/payback quantities under Rate Schedules FT, IT, and SS-1. Such quantities shall be scheduled pro rata based on nominated quantities.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.4 Confirmation Procedures. Confirmations issued during each scheduling cycle shall be treated as scheduled quantities at the point of interconnection. If a confirmation from an Interconnecting Party is received after final quantities are scheduled, the resulting imbalance will be carried on the Shipper's TSA unless the Interconnecting Party agrees to accept the scheduled quantities on its operational balancing agreement during the Intraday 3 Nomination Cycle.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.5 Allocation of Capacity.

Where transportation service is interrupted due to capacity limitations, service shall be interrupted pursuant to the following order until the level of scheduled service equals available capacity. Transporter shall provide as much notice as is practicable prior to implementing any interruption of services.

(a) First, all imbalance and makeup/payback quantities under Rate Schedules FT, IT, and SS-1 on a pro rata basis based on nominated quantities.

(b) The next quantities to be interrupted shall be those quantities nominated as interruptible service under Rate Schedule PAL. The allocation of capacity will be based on the commodity rate being paid. A service at a lower rate than another service shall be interrupted first. Further within this group, Shippers that are paying the same commodity rate shall be allocated pro rata based on quantities scheduled.

(c) The next quantities to be interrupted shall be those quantities nominated under the following services: authorized overrun quantities under Rate Schedule FT and interruptible service under Rate Schedule IT. The allocation of capacity will be based on the commodity rate being paid. A service at a lower rate than another service shall be interrupted first. Further within this group, Shippers that are paying the same commodity rate shall be allocated pro rata based on quantities scheduled.

(d) The next quantities to be interrupted shall be those quantities utilizing Secondary Capacity. Reductions during the Evening Nomination Cycle will be interrupted using the scheduling priorities in Section 6.3 for firm transportation services. Reductions occurring after the Evening Nomination Cycle will be interrupted pro rata based on contract entitlements at the point at which the capacity limitation occurs. For purposes of this section, contract entitlement involving non-Primary Capacity shall be the quantity scheduled to flow before the interruption of service.

(e) The next quantities to be interrupted shall be those quantities required by Transporter for fuel gas as provided for in Section 27 of the GT&C or gas quantities resulting from Operator make up/payback quantities under Operational Balancing Agreements, as defined in GT&C Section 10.5.

(f) The next quantities to be interrupted shall be those quantities utilizing Primary and/or Flow Path Secondary Capacity. Reductions during the Evening Nomination Cycle will be interrupted using the scheduling priorities in Section 6.3 for firm transportation services. Reductions occurring after the Evening Nomination Cycle will be interrupted pro rata based on contract entitlements at the point at which the capacity limitation occurs. For purposes of this section, contract entitlement involving non-Primary Capacity shall be the quantity scheduled to flow before the interruption of service.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.6 Flow Day Diversion. Subject to the limitations set forth in Rate Schedule FT or Rate Schedule IT, as applicable, during any intraday nomination cycle for the Gas Day a Shipper moving gas pursuant to this Tariff may use the Flow Day Diversion process to divert scheduled quantities to a new receipt point or delivery point as detailed in this Section 6. Such diversion is limited to the elapsed pro rata scheduled quantities, as applicable.

(a) Flow Day Diversion Options

(i) Shipper may divert scheduled quantities to a new receipt point upstream of a Segment.

(ii) Shipper may divert scheduled quantities to a new delivery point downstream of a Segment.

(iii) Flow Day Diversion is not available for quantities scheduled at off-system locations nominated pursuant to GT&C Section 4.6.

(b) Conditions of Flow Day Diversion

(i) Shipper shall divert scheduled quantities under the same TSA as quantities scheduled for the Gas Day.

(ii) All nominations on a TSA, including prior-cycle nominations and new intraday nominations, shall be evaluated against quantities scheduled at a location(s) and on a Segment(s) available in the most recent intraday cycle.

(iii) At Shipper’s option, the Flow Day Diversion nomination may include changes to upstream/downstream transaction information, including package ID and rank.

(iv) All nominations are evaluated based on the requirements of GT&C Section 6.3.

(A) To the extent the sum of the nominations for a TSA does not exceed the previously scheduled capacity for that TSA at a location or on a Segment, such nominations shall be processed as previously scheduled in the intraday cycle.

(B) If the sum of the nominated quantities on a TSA in an intraday cycle exceeds the previously scheduled capacity at a location or on a Segment, such additional quantities shall be processed as incremental nominations and scheduled pursuant to Section 6.3.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.7 Title Transfer Tracking Service

(a) Transporter shall provide one or more receipt pools 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.

(b) At a minimum, Transporter should be responsible for accommodating Title Transfer Tracking ("TTT") services at all points identified by Transporter as pooling points, where TTT services are requested. In absence of existing pooling points or in addition to existing pooling points where access to TTT activity is not reasonably accessible for supply receipt locations covered by an OBA, Transporter should be responsible for accommodating TTT at no less than one location. (NAESB Standard 1.3.64)

(c) The Title Transfer Tracking services should be supported by means of the nominations, quick responses and scheduled quantities processes. At Transporter's election, the confirmation process may also be utilized with Title Transfer Tracking Service Providers within the Transporter's system. (NAESB Standard 1.3.65)

(d) Transporter shall provide service as a Title Transfer Tracking Provider ("TTTSP") at its designated pooling points. Parties wishing to transfer title to other parties using Transporter's TTT services must hold a pooling account with Transporter. Third Party Account Administrators ("3PADS") must hold a pooling account with Transporter and must follow the procedures and requirements for nominations, quick responses and scheduled quantities.

(e) Transporter may facilitate TTT service(s) at individual locations where such service(s) is requested.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.8 Protection of Life and Property. Transporter and Shipper shall collaborate in making adjustments to receipt quantities or delivery quantities, if possible, which may be necessary to avoid or forestall injury to life and property.
6. NOMINATIONS AND SCHEDULING PROCEDURES

6.9 Transporter’s Non-Liability. Transporter shall not be liable for any damages which may directly or indirectly result from Transporter’s implementation of the allocation procedures set forth in this Section 6 so long as Transporter complies with such provisions.
7. RESPONSIBILITY FOR GAS AND PRODUCTS

7.1 Transporter shall have no responsibility for Natural Gas prior to its acceptance at the receipt point(s) and after delivery at the delivery point(s), and Shipper shall have sole responsibility for all arrangements necessary for delivery of Natural Gas to Transporter at the receipt point(s) for transportation, and for all arrangements necessary for receipt of Natural Gas for the account of Shipper at the delivery point(s), which arrangements otherwise meet the provisions set forth in these GT&C.

7.2 As between Transporter and Shipper, Transporter shall be deemed to be in control and possession of the Natural Gas from the time it is received by Transporter at the receipt point(s) until it is redelivered to Shipper at the delivery point(s), and Shipper shall be deemed to be in control and possession of the Natural Gas at all other times. By tendering Gas to Transporter, Shipper warrants that it has title to, or the right to ship, the Gas it has delivered.
8. OPERATING PROVISIONS

8.1 FIRM SERVICE

(a) Segmentation of Capacity

(i) Applicability. Any Shipper receiving firm transportation service under Rate Schedule FT may segment its capacity pursuant to the provisions and restrictions of this section.

   (A) Segmentation may be accomplished on a self-implementing basis, by nomination or capacity release.

   (B) Segmentation may be accomplished on Transporter's System by specifying the desired Segmentation receipt and delivery points. Transporter shall permit such Segmentation if the provisions in Section 8.1(a)(iii) are met, if capacity is available, and if such Segmentation request can be supported without adversely affecting system operations or other firm obligations. Any new receipt or delivery points established by Segmentation will not affect Shipper's entitlements at existing receipt and delivery points except as adjusted by capacity release, and are deemed to be Segmentation receipt and/or delivery points, as appropriate. If the Segmentation involves the release of capacity, then the requirements of Section 9 must be met.

(ii) Any Shipper utilizing Segmentation point(s) shall pay the applicable maximum reservation and commodity rates for the portion of Shipper's quantities utilizing Segmentation points, unless Shipper has requested and been granted a discount pursuant to Section 3.2 of Rate Schedule FT, or Shipper's TSA provides otherwise. In no event shall Shipper be entitled to more transportation service than is provided for under the TSA. Shipper's entitlements at the existing primary receipt or delivery points are not affected by Segmentation.

(iii) General Prerequisites for Segmentation. To maintain the integrity and reliability of Transporter's System, the following prerequisites for Segmentation have been established to ensure that Segmentation is supported to the greatest extent possible without detriment to, or degradation of, any Shipper's service.

   (A) Segmented capacity may not exceed Shipper's MDQ, except as provided below.

   (B) Segmentation is subject to the availability of capacity and existing contractual obligations at and between the new receipt point(s) and/or delivery point(s) established as a result of Segmentation.
8. OPERATING PROVISIONS

8.1 FIRM SERVICE

(a) Segmentation of Capacity (continued)

(iii) General Prerequisites for Segmentation (continued)

(C) If operationally required, the thermal content of Gas being received at Segmented points must be no less than the thermal content of Gas received at the original receipt point under the Shipper's TSA.

(D) Shipper may nominate and tender and Transporter may confirm and receive quantities pursuant to Segmentation transactions which exceed Shipper's MDQ; provided however, the quantity of capacity usage on any Segment which exceeds Shipper's MDQ shall be considered overrun Gas and shall be invoiced at the applicable maximum Authorized Overrun Rate.

(iv) Implementation of Segmentation.

(A) Segmentation transactions for which the receipt or delivery point lies within Shipper's Primary Receipt-to-Delivery Flow Path and which flow is in the same direction as Shipper’s Primary Capacity are to be scheduled as primary for the portion of the transaction that is within Shipper's Primary Receipt-to-Delivery Flow Path and Flow Path Secondary for the portion of the transaction outside such flow path. Shipper may request to revise or acquire primary rights at the receipt and/or delivery point from Transporter, pursuant to Section 8.1(b)(ii).

(B) Segmentation transactions entirely outside the Primary Receipt-to-Delivery Flow Path are to be scheduled as Secondary Capacity. Further, Segmentation transactions that flow opposite to the direction of Shipper’s primary capacity are considered outside the primary flow path and are scheduled as secondary capacity.

(C) Both Releasing and Replacement Shippers may utilize Secondary Capacity; provided however, the combined nominations of such Shippers on any Segment and at any receipt or delivery point are limited to the original contractual MDQ. Based on the replacement TSA’s MDQ, Secondary Capacity on a Segment shall be allocated on a pro rata basis between the Releasing and Replacement Shippers up to the original contractual MDQ. Capacity utilized above the Secondary Capacity allocation shall be scheduled and invoiced as authorized overrun.
8. OPERATING PROVISIONS

8.1 FIRM SERVICE

(a) Segmentation of Capacity (continued)

(iv) Implementation of Segmentation (continued)

(D) A firm Shipper (or a Releasing Shipper and a Replacement Shipper participating in a capacity release) may segment its capacity by simultaneously nominating its full rights in a forward haul and its full rights in a Backhaul to the same delivery point.

(E) Control of Segmentation. Transporter reserves the right to control or restrict Segmentation when, in Transporter's reasonable discretion, such Segmentation would result in a degradation of service or pose a threat to the sound operation of Transporter's System. Such control or restriction may be necessary to ensure that critically sourced Gas is available when and where it is needed during times of Non-Cautionary Conditions, as well as Cautionary Conditions.

(b) Flexible Receipt and Delivery Point(s).

(i) Designation of primary receipt and delivery points. The receipt and delivery points listed in the TSA shall be the Shipper's Primary Receipt and Delivery Points. The total receipt point capacity must equal the total delivery point capacity and must equal the MDQ specified in the TSA.

(ii) Revision of Primary Points. A firm Shipper may request a permanent change to the primary receipt and delivery point(s) listed in the TSA. Transporter shall evaluate all requests for changes as promptly as possible and shall grant such changes if capacity is available and the change can be made without adversely affecting system operations or other firm obligations at the new or existing Primary Point(s). Any changes in receipt and/or delivery point(s) shall result in a corresponding one-for-one reduction in quantities at the original receipt and/or delivery point(s). Shipper retains no rights to the reduced original points. Transporter may sell such reduced capacity to other Shippers requesting the capacity. Transporter shall post to its EBB notice of any additional interconnects within 15 Days of execution of the agreement for such interconnect.

(iii) Through the nomination process, Shipper may request transportation service at Secondary Point(s). The Secondary Point(s) may be any receipt and/or delivery point(s). The total quantity of Gas transported on behalf of Shipper on any Segment shall not exceed Shipper's MDQ, unless otherwise agreed to by Transporter.
8. OPERATING PROVISIONS

8.1 FIRM SERVICE

(b) Flexible Receipt and Delivery Point(s) (continued)

(iv) Discounted Transportation Rates. Unless otherwise agreed to in writing by Transporter pursuant to Section 3.2 of Rate Schedule FT, Shipper shall pay the higher of the contract rate or the applicable maximum rate for firm transportation charges for service requested at Secondary Points or at revised primary receipt or delivery points.
8. OPERATING PROVISIONS

8.2 INTERRUPTIBLE SERVICE

(a) Obtaining Interruptible Service

(i) After receiving a valid request for interruptible service, Transporter will evaluate Shipper/Operator's request and respond to Shipper within five Business Days. Once the request has been evaluated and approved, Transporter will prepare and tender to Shipper for execution an agreement in the form contained in this Tariff.

(ii) If a Shipper has executed an interruptible TSA (Rate Schedules IT and PAL) and fails to schedule service within two years of the later of the execution of the agreement or the in-service date of any facilities necessary to provide service, the agreement shall be terminated and Shipper's request shall be deemed null and void.
CAPACITY RELEASE PROGRAM
9. CAPACITY RELEASE PROGRAM

9.1 Purpose. This section sets forth the specific terms and conditions applicable to Transporter's capacity release program. Unless otherwise stated in this Section 9, all times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard 0.3.17.
9. CAPACITY RELEASE PROGRAM

9.2 Applicability. This section is applicable to any Releasing Shipper(s) or any Replacement Shipper(s) who elect to release all or a portion of its firm capacity under Rate Schedule FT. Releasing Shipper(s) shall have the right to release, on a permanent or temporary basis, any portion of its firm capacity rights held under a TSA with Transporter, but only to the extent that the capacity so released is acquired by another Shipper pursuant to this section.
9. CAPACITY RELEASE PROGRAM

9.3 Availability of Released Capacity. Released capacity shall be made available on a non-discriminatory basis and shall be assigned on the basis of an open season or prearrangement in accordance with the procedures of this section and, where appropriate, the applicable NAESB WGQ Standards.

(a) Availability of Advertisements for the Purchase of Capacity. Any person may advertise for the purchase of capacity on Transporter’s System on its EBB by submitting the desired advertisement (up to one page) to Transporter. Transporter shall post such advertisement on the Informational Postings portion of its EBB no later than the Business Day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with Transporter’s tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Transporter’s System. 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 9 of these General Terms and Conditions.
9. CAPACITY RELEASE PROGRAM

9.4 Qualification for the Capacity Release Program. Any party, whether seeking to acquire capacity under bid or a prearranged release, must be pre-qualified by Transporter prior to submitting a bid for released capacity. To be pre-qualified, a Shipper must satisfy the creditworthiness requirements of Section 4.12 of the GT&C. Notwithstanding such qualification to participate in the capacity release program, Transporter does not guarantee the payment of any outstanding amounts by a Replacement Shipper.
9. CAPACITY RELEASE PROGRAM

9.5 Capacity Release Timeline

(a) Releases Assigned On the Basis of An Open Season. A Shipper electing or required to release capacity on the basis of an open season must post notice of release on Transporter's EBB pursuant to Section 9.7 hereof. Such notice shall be posted upon receipt unless Releasing Shipper requests otherwise.

(b) The following capacity release timeline (NAESB WGQ Timeline) 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 acquiring Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided the Transportation Service Provider with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, the Transportation Service Provider 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 the Transportation Service Provider). (NAESB WGQ Standard 5.3.1) Furthermore, the release must comply with the Bid Evaluation Methods described in Sections 9.11(d)(i) through (iii), hereof (Note 1):

NAESB WGQ Standard 5.3.2:

For biddable releases (1 year or less):

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

(ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

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

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

(v) 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 p.m. Noon.

(vi) The contract is issued within one Hour of the award posting (with a new contract number, when applicable).
9.5 Capacity Release Timeline (continued)
(b) (continued)
(vii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):
(viii) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

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

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

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

(xii) 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 p.m. Noon.

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

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

For non-biddable releases:

(xv) 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:

(A) Timely Cycle 12:00 Noon

(B) Evening Cycle 5:00 p.m.

(C) Intraday 1 Cycle 9:00 a.m.

(D) Intraday 2 Cycle 1:30 p.m.

(E) Intraday 3 Cycle 6:00 p.m.
9.5 Capacity Release Timeline (continued)

(b) (continued)

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

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

NOTE:  (1) Posting of Notices of Release (either under an open season or a prearranged release) is subject to review by Transporter for accuracy, completeness, and validity before being posted.
9. CAPACITY RELEASE PROGRAM

9.6 Prearranged Releases. Shipper electing to release capacity on the basis of a prearranged release must post notice on Transporter's EBB pursuant to Section 9.8 herein. No open season is required for a prearranged release that is (1) for more than one year at a rate which is equal to the maximum reservation rate under the applicable Tariff rate schedule and which meets all the terms of the release; (2) for a term of thirty-one Days or less and which meets all the terms of the release; (3) a release to an asset manager as defined in 18 C.F.R. Section 284.8(h)(3); or (4) a release to a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4). All other prearranged releases shall be subject to an open season requirement as described in Section 9.5 hereof. A Releasing Shipper may not rollover, extend or in any way continue the release to the same Replacement Shipper using the 31 Days or less bidding exemption until at least twenty-eight Days after the first release period has ended unless the Replacement Shipper is an asset manager as defined in 18 C.F.R. Section 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4). A Shipper electing to release capacity on a prearranged basis not subject to an open season must post the notice of release on Transporter's EBB pursuant to the timeline for non-biddable releases in Sections 9.5(b)(xii) - (xv).
9. CAPACITY RELEASE PROGRAM

9.7 Notice of Capacity Release - Open Season Basis. Any Shipper holding capacity rights subject to this Section 9 who desires to release such firm capacity on an Open Season Basis shall deliver notice via Transporter's EBB which shall contain the following:

(a) Releasing Shipper's legal name, contract number, and the name of the individual responsible for authorizing the release of capacity;

(b) The maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;

(c) the receipt and delivery point(s) and path at which the Releasing Shipper will release capacity and the firm capacity to be released at each such point and path;

(d) whether capacity will be released on a recallable or a recallable and reputable (returned to the Replacement Shipper) basis (subject to minimum terms and conditions in Section 9.12). Recall and reput terms must be objectively stated, nondiscriminatory, and applicable to all bidders. The Transporter should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day (NAESB WGQ Standard 5.3.51).

(e) the requested effective date and the term of the release (minimum term of release is one Day);

(f) whether the Releasing Shipper is willing to consider release for a shorter time period than that specified in (e) above, and, if so, the minimum acceptable period of release;

(g) whether the Releasing Shipper desires bids for the released capacity to be stated in a dollar amount per Dth or as a percentage of Transporter's maximum reservation rate as in effect from time to time, or as an index-based formula (under one of the methods listed below); in conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this choice. Once the choice is made by the Releasing Shipper, the bids should comport with the choice;

(i) a percentage of the formula,

(ii) a dollars and cents differential from the formula, or

(iii) a dollars and cents differential from the Rates Floor;
9. CAPACITY RELEASE PROGRAM

9.7 Notice of Capacity Release - Open Season Basis (continued)

(h) whether the Releasing Shipper desires to release capacity on a volumetric reservation rate basis or an index-based formula. If utilizing an index-based formula, the Releasing Shipper should specify the minimum acceptable rate and, if applicable, any minimum volumetric load factor commitment. (Capacity releases made on a volumetric rate basis cannot be re-released by the Replacement Shipper);

(i) the applicable maximum reservation rate for capacity being released as shown on Transporter's Statement of Rates or as an index-based formula;

(j) if Releasing Shipper is willing to consider releasing capacity at less than maximum reservation rate stated in Section 9.7(i) above, and if so, the minimum reservation rate Releasing Shipper is willing to accept;

(k) Reserved

(l) whether the Releasing Shipper wants Transporter to market the capacity in accordance with Section 9.17 hereof;

(m) for releases posted to comply with the NAESB WGQ Timeline as shown in Section 9.5(b) hereof, the Releasing Shipper shall select one of the following bid evaluation methods which are described more fully in Section 9.11(d):

(i) Present Value
(ii) Highest Rate
(iii) Net Revenue

(n) In lieu of the methods described in Section 9.7(m) above, the Releasing Shipper may provide its own nondiscriminatory bid evaluation criteria; except that Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation method.
9. CAPACITY RELEASE PROGRAM

9.7 Notice of Capacity Release - Open Season Basis (continued)

(o) The time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff or by the Releasing Shipper, if Releasing Shipper requests a longer open season or an earlier posting than is required in Section 9.5). After the open season has commenced, a Releasing Shipper cannot specify the extension of an open season bid period without posting a new release;

(p) whether the Releasing Shipper is willing to accept contingent bids;

(q) Releasing Shipper shall elect one of the following:

(i) establish minimum terms of the release and display them on the EBB; or

(ii) establish minimum terms of the release and keep such terms confidential (i.e., not post them on the EBB) but Bidding Shippers will be informed on the EBB that minimums have been established;

(iii) establish no minimum terms; Releasing Shipper will accept highest bid received for the release.

(r) any other applicable conditions of the release.
9. CAPACITY RELEASE PROGRAM

9.8 Notice of Capacity Release - Prearranged Basis. The Releasing Shipper shall deliver a notice of a prearranged release via Transporter's EBB. Likewise, the Prearranged Shipper must confirm its bid electronically on the EBB. The EBB notice shall set forth the following information:

(a) all the items contained in Section 9.7 hereof required to define a prearranged release;

(b) Prearranged Shipper's legal name, address, and the name of the individual responsible for authorizing the bid for the prearranged release;

(c) the term of the proposed acquisition of capacity by Prearranged Shipper (minimum term of any release is one Day);

(d) the reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, or as an index-based formula, as specified by Releasing Shipper, the Prearranged Shipper has agreed to pay for the released capacity and any minimum volumetric load factor, if applicable. In conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has the choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this. Once the choice is made by the Releasing Shipper, the bids should comport with the choice. If capacity is released on a volumetric Rate basis, it cannot be re-released by the Replacement Shipper;

(e) the maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;

(f) whether or not the Prearranged Shipper is an affiliate of the Releasing Shipper;
9. CAPACITY RELEASE PROGRAM

9.8 Notice of Capacity Release - Prearranged Basis (continued)

(g) the time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff, if applicable, or by Releasing Shipper, if Releasing Shipper requests a longer open season than the minimum required in Section 9.5 herein).

Releasing Shipper cannot allow extension of time provided for the Prearranged Shipper to match a higher bid (matching period as described in the timeline in Section 9.5 hereof) without posting a new release;

(h) whether the Prearranged Shipper is an asset manager or marketer participating in a state-regulated retail access program for the purposes defined in 18 C.F.R. Sections 284.8(h)(3) and (h)(4), respectively; and

(i) any other applicable conditions of the prearranged release.
9. CAPACITY RELEASE PROGRAM

9.9 Term of Released Capacity. The term of any release of firm capacity shall not be less than one Day and shall not exceed the term of the TSA or Replacement Capacity Agreement under which the release occurs.
9. CAPACITY RELEASE PROGRAM

9.10 Bids for Released Capacity - Open Season. A bid may be submitted to Transporter by a Bidding Shipper at any time during the open season via Transporter's EBB.

(a) Each bid for released capacity must include the following:

(i) Bidding Shipper's legal name and the name of the individual responsible for authorizing the bid;

(ii) the term of the proposed acquisition;

(iii) the maximum reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, as appropriate, or maximum volumetric rate (either dollars or percent, as specified by Releasing Shipper), or the maximum dollars and cents differential or percentage of an index-based formula Bidding Shipper is willing to pay for the released capacity;

(iv) the capacity desired at primary receipt and delivery points;

(v) for Segmented capacity release requests, the prerequisites and requirements of Section 8.1(a) must also be met;

(vi) whether or not the Bidding Shipper is an affiliate of the Releasing Shipper;

(vii) any other information requested in the notice of release posted on Transporter's EBB;

(viii) whether or not the Bidding Shipper will meet all other terms of release (if there are any); and

(ix) the time and date the bid was submitted to Transporter for posting on Transporter's EBB.

(b) All valid and complete bid(s) received by Transporter during the open season as detailed in Section 9.5 hereof shall be posted on Transporter's EBB. The identity of the Bidding Shipper(s) will not be posted, but all other terms of the bid(s) will be posted on Transporter's EBB.
9. CAPACITY RELEASE PROGRAM

9.10 Bids for Released Capacity - Open Season (continued)

(c) For a capacity release transaction for a term of more than one year, a Bidding Shipper may not bid a reservation rate less than the minimum reservation rate nor more than the applicable maximum reservation rate nor may the capacity or the term of the release of such bid exceed the maximum quantity or term specified by the Releasing Shipper. No rate limitation applies to the release of capacity including an index-based release, for a period of one year or less if the release is to take effect on or before one year from the date on which the pipeline is notified of the release.

(d) A Bidding Shipper may withdraw its bid any time prior to the expiration of the open season but may not resubmit a bid for the same release at an equal or lower rate. Bids may be withdrawn via the EBB.

(e) A Bidding Shipper may only have one bid pending for any specific capacity release transaction at any one time.

(f) All bids pending at the expiration of the open season shall be binding upon the Bidding Shipper(s). Further, the Bidding Shipper(s) agrees that its bid will constitute a binding agreement if the Bidding Shipper is awarded the released capacity pursuant to this Section 9.

(g) Bids shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.13).
9. CAPACITY RELEASE PROGRAM

9.11 Awarding of Released Capacity. Released capacity shall be awarded in accordance with this section.

(a) If a Bidding Shipper's bid satisfies all terms and conditions specified in the Releasing Shipper's notice, including the posted reservation rate, then the capacity shall be awarded to such Bidding Shipper, and the Releasing Shipper shall not be permitted to reject such bid. If such bid was submitted in an open season relating to a prearranged release, capacity shall be awarded as described in Section 9.11(h) hereof.

(b) Offers shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.14). Releasing Shipper(s) may withdraw their offer of release any time prior to the start of the open season, or during the open season in the event of an unexpected change in Releasing Shipper's need for the capacity being released provided, however, that the Releasing Shipper may not withdraw its offer of release, if bids have been received that meet the minimum terms of the release. The Releasing Shipper may withdraw its offer to release capacity via the EBB. In summary, the Releasing Shipper has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made (NAESB WGQ Standard 5.3.16).

(c) If more than one bid is received that is equal to or exceeds all the minimum terms and conditions specified in the Releasing Shipper's notice, then the Replacement Shipper(s) shall be the Bidding Shipper(s) who offer(s) the highest bid, based on the bid evaluation methods as posted by the Releasing Shipper in its notice of release. Transporter shall evaluate and rank all bids submitted during the open season. If Bidding Shipper has made a bid based on a contingency and such contingency has not been removed by the date and time specified pursuant to the timeline as described in Section 9.5 hereof, such bid shall be deemed withdrawn. If bids from two or more Bidding Shippers result in bids of equal value, then the capacity shall be awarded pursuant to Section 9.11(g) hereof.
9. CAPACITY RELEASE PROGRAM

9.11 Awarding of Released Capacity (continued)

(d) Bid Evaluation Methods. All bids received will be evaluated pursuant to one of the following methods:

(i) Present Value Calculation. Releasing Shipper may elect to have all bids evaluated and ranked pursuant to a Present Value Calculation, as follows:

\[ \frac{1 - (1 + i)^{-n}}{i} \times \frac{R \times x V}{x} = \text{present value} \]

where:
- \( i \) = interest rate per Month using one-twelfth \((1/12)\) of the current FERC annual interest rate as defined in Section 154.501(d)(1) of the Commission's Regulations.
- \( n \) = term of the release, in Months
- \( R \) = the reservation charge(s) and reservation surcharge(s) bid
- \( V \) = volume stated in Dth

(ii) Highest Rate. Releasing Shipper may elect to have bids evaluated on the basis of the highest reservation rate bid;

(iii) Net Revenue. Releasing Shipper may elect to have bids evaluated on the basis of the total reservation rate-based revenues received over the term of the release;
9.  CAPACITY RELEASE PROGRAM

9.11  (d)  (continued)

(iv) Other Method. Releasing Shipper may at the time of posting of the notice of release specify how bids are to be evaluated to determine which offer is the best. The criteria must be objectively stated, applicable to all potential bidders, and nondiscriminatory. The criteria can contain provisions that allow for weighting of factors such as quantity, term, and rate; however, Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation methodology. If bid evaluation criteria are provided by the Releasing Shipper, the evaluation period specified in Section 9.5(b) shall be extended by one Business Day.

(v) For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies an index-based formula in its capacity release offer, the Bid Rate (R) used in the bid evaluation options of this Section 9.11 will be based on: 1) the dollars and cents differential or percentage of the Rate Default, or 2) the dollars and cents differential of the Rate Floor, as applicable.

(e) If bid evaluation criteria are provided by the Releasing Shipper, Transporter shall, for each bid received, calculate the total value of each bid received at the end of the open season based on the nondiscriminatory criteria provided by the Releasing Shipper. The results of this calculation shall determine each bid's total value. The bids will then be ranked by Transporter in order from the highest to the lowest total value.

(f) For bids evaluated using any of the first three methods (Sections 9.11(d)(i) through (iii), above), Transporter shall notify the Releasing Shipper and successful bidder no later than 5:00 p.m. CCT on the Business Day before nominations are due (as specified in Section 9.5, hereof) and the capacity shall be awarded to the successful Bidding Shipper(s) which shall become the Replacement Shipper(s).

(g) If bids from two or more Bidding Shippers result in bids of the highest equal value, the first bid received of highest equal value will be awarded the capacity. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded (NAESB WGQ Standard 5.3.4).
9. CAPACITY RELEASE PROGRAM

9.11 Awarding of Released Capacity (continued)

(h) With respect to a prearranged release, if no better offer (as determined above) is received during an open season or the prearranged offer is for the applicable maximum reservation rate under the applicable rate schedule for a term of more than one year and meets all the other terms of the release, then the Prearranged Shipper shall become the Replacement Shipper for the released capacity. If a better offer is received during the open season, the Prearranged Shipper shall have the time specified in Section 9.5 hereof to match that offer. If the Prearranged Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer, as determined above, shall become the Replacement Shipper.

(i) A Releasing Shipper shall retain all of the capacity under the executed TSA or Replacement Capacity Agreement that is not acquired by a Replacement Shipper as the result of an open season or a prearranged release.

(j) If no bids are received which meet or exceed all of the minimum conditions specified by the Releasing Shipper, no capacity shall be awarded.
9. CAPACITY RELEASE PROGRAM

9.12 Recalls and Reput of Capacity. If capacity is released subject to recall pursuant to Section 9.7(d), in addition to such other terms not inconsistent with this section as are agreed to by the Releasing Shipper and the Replacement Shipper, recall of such capacity shall be subject to the following terms and conditions:

(a) Transporter will support the following recall notification periods for all released capacity subject to recall rights: (NAESB WGQ Standard 5.3.44)

(1) Timely Recall Notification:

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

(ii) Transporter should 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;

(2) Early Evening Recall Notification:

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

(ii) Transporter should 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;

(3) Evening Recall Notification

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

(ii) Transporter should 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;
9. CAPACITY RELEASE PROGRAM

9.12 Recalls and Reput of Capacity (continued)
   (a) (continued)

(4) Intraday 1 Recall Notification:
   (i) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 7:00 a.m. on the Day that Intraday 1 Nominations are due;
   (ii) Transporter should 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;

(5) Intraday 2 Recall Notification:
   (i) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 12:00 p.m. on the Day that Intraday 2 Nominations are due;
   (ii) Transporter should 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;

(6) Intraday 3 Recall Notification:
   (i) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 4:00 p.m. on the Day that Intraday 3 Nominations are due;
   (ii) Transporter 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.
9. CAPACITY RELEASE PROGRAM

9.12 Recalls and Reput of Capacity (continued)

(b) For recall notification provided to the Transporter prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the Transporter should provide notification to all affected Replacement Shippers no later than one Hour after receipt of such recall notification.

For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard 5.3.45)

(c) Releasing Shipper's notice of recall and reput must be submitted using Transporter's on-line capacity release system.

(d) The recall notice must detail receipt and delivery point(s) and quantities being recalled. The notification shall also state the length of the recall period and the conditions of any reput rights of the Releasing Shipper and reput obligations of the Replacement Shipper as may have been negotiated at the time of the release (see Section 9.7(d), hereof). Unless otherwise agreed to by the Releasing Shipper and the Replacement Shipper, and Transporter is so advised, the Replacement Shipper will regain the capacity at the end of the recall period.

(e) In the event of an intraday capacity recall, the Transporter should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity. Variations to the use of Elapsed Prorata Capacity may be necessary to reflect the nature of Transporter's tariff, services and/or operational characteristics. (NAESB WGQ Standard 5.3.56)

(f) Unless otherwise agreed between Releasing Shipper, Replacement Shipper, and Transporter, the Releasing Shipper must notify Transporter and Replacement Shipper of its intent to reput the capacity back to the Replacement Shipper. The deadline for notifying the Transporter of a reput is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day (NAESB WGQ Standard 5.3.54).

(g) In the event of a reput after a recall period, the Releasing Shipper may not reput capacity at point(s) other than those originally released. When capacity is recalled, it may not be reput for the same Gas Day (NAESB WGQ Standard 5.3.53). Unless otherwise agreed to in the terms of the release and Transporter is advised of such condition, the Releasing Shipper may permanently retain capacity at certain Primary Points originally released.
9. CAPACITY RELEASE PROGRAM

9.12 Recalls and Reput of Capacity (continued)

(h) Transporter shall not assess penalties during non-critical periods on transactions related to quantities recalled during an intraday scheduling cycle.
9. CAPACITY RELEASE PROGRAM

9.13 Execution of Agreements or Amendments

(a) The successful Bidding Shipper (or successful Prearranged Shipper) for capacity shall become the Replacement Shipper and its bid for capacity or posting of prearranged release pursuant to Sections 9.8 and 9.10 shall be binding. The bid submitted by the Replacement Shipper as supplemented by the posting of the notice of capacity release on Transporter's EBB shall constitute the Replacement Capacity Agreement. The Replacement Shipper(s) will gain rights to nominate firm capacity consistent with the capacity acquired from the Releasing Shipper, and for the term as agreed to by the Releasing Shipper and subject to all other terms of the underlying Agreement and Sections 9.7 and 9.8 herein. The Releasing Shipper(s) will relinquish its firm entitlement rights to nominate consistent with the same terms. Replacement Shipper(s) are not permitted to change Primary Receipt or Delivery Point(s) under the Releasing Shipper's Agreement unless the release is permanent and at maximum rates. Replacement Shippers are, however, allowed to make nominations at Secondary Points subject to the same conditions as the underlying agreements, including paying the maximum applicable reservation rate under the applicable Rate Schedule unless a discount is agreed to by Transporter.

(b) Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders. Transporter shall provide written notification and the reasons for any denial of a request for permanent release to the affected Releasing Shipper.

(c) Where capacity has been released for the entire remaining term of the Releasing Shipper's TSA, the Releasing Shipper may request Transporter to amend its TSA to reflect the release of capacity. Absent agreement by Transporter to such amendment, which may be conditioned on exit fees or other terms and conditions, the Releasing Shipper shall remain bound by and liable for payment of the reservation charge(s) and reservation surcharge(s) under the TSA.
9. CAPACITY RELEASE PROGRAM

9.13 Execution of Agreements or Amendments (continued)

(d) Subject to the provisions of Section 9.13(e) below regarding negotiated rate TSAs, to the extent that capacity is released for the remaining term of the Releasing Shipper's TSA and the Replacement Shipper has met all creditworthiness requirements and has agreed to pay the maximum reservation charge(s) and reservation surcharge(s) for such capacity or agreed to pay a rate less than the maximum reservation charge(s) and reservation surcharges(s) but Transporter is paid a lump sum payment resulting in Transporter being financially indifferent, Releasing Shipper's contract shall be amended so as to relieve such shipper of any further liability for payment of the reservation charge(s) and reservation surcharge(s) applicable to the capacity released under the TSA. In the event the Releasing Shipper's TSA is amended to reflect the release of capacity, Transporter shall enter into a TSA with the Replacement Shipper in the form prescribed for service in this tariff but containing the rates and terms and conditions established for the acquired capacity pursuant to this Section 9.

(e) Negotiated rate Shippers may, subject to Section 9.13(b) above, permanently release their capacity at reservation rates above their contracted-for negotiated rate for such capacity under the following conditions:

(i) the capacity is released at the negotiated contract rate or a higher rate;

(ii) the capacity is released for the remaining term of the TSA;

(iii) the Replacement Shipper agrees to amend its TSA to pay a negotiated rate at the agreed upon level; and

(iv) the Replacement Shipper has met Transporter's creditworthiness requirements of Section 4.12 of the GT&C.

If all of these conditions are satisfied, the Releasing Shipper's contract shall, subject to Section 9.13(b) above, be amended to relieve such shipper of any further liability for payment of the negotiated rate applicable to the capacity released under the TSA.
9. CAPACITY RELEASE PROGRAM

9.14 Notice of Completed Transactions. Within 48 Hours after the transaction commences, pursuant to Section 9.11, Transporter shall post a Notice of Completed Transaction on its EBB for a minimum period of five Business Days. The notice shall include the following information regarding each transaction:

(a) the name(s) of the Releasing Shipper and the Replacement Shipper (or Prearranged Shipper);

(b) term of release;

(c) reservation rate as bid;

(d) delivery point(s);

(e) receipt point(s);

(f) capacity (Dth);

(g) present value of winning bid(s), if such method for bid evaluation was utilized;

(h) whether the capacity is recallable and reputable and, if so, recall and reput terms;

(i) whether or not the Replacement Shipper is an affiliate of the Releasing Shipper;

(j) whether or not the Replacement Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;

(k) Service may begin on the initial date of the term of the release if nominations are made timely to Transporter and are in accordance with this Tariff; and

(l) Releasing Shipper shall include the tariff reservation rate and all reservation surcharges as a total.
9. CAPACITY RELEASE PROGRAM

9.15 Effective Date of Release and Acquisition. The effective date of the release by a Releasing Shipper and acquisition by a Replacement Shipper shall be on the date so designated in the Replacement Capacity Agreement (posted term effective date).
9. CAPACITY RELEASE PROGRAM

9.16 Rates

(a) The reservation rate for any released firm capacity under Rate Schedule FT shall be the reservation rate bid by the Replacement Shipper. In no event shall such reservation rate and reservation surcharge(s) be less than Transporter's minimum or more than Transporter's maximum reservation rate and reservation surcharge(s) under the applicable rate schedule as in effect from time to time if the capacity release transaction is for a term of more than one year unless the Replacement Shipper has agreed to a negotiated rate.

(b) Replacement Shipper shall pay the applicable maximum commodity rate in addition to all other applicable charges and surcharge(s) for the service rendered unless otherwise agreed by Transporter. In the event that the Releasing Shipper has agreed to a negotiated rate pursuant to Section 4.14, the Replacement Shipper shall pay the commodity charge(s) applicable to the Releasing Shipper's contract.

(c) For releases based on a volumetric reservation rate, the minimum and maximum rates shall be computed by converting the reservation rate to a daily rate by multiplying the maximum and minimum reservation rate by 12 Months and dividing that product by 365 Days or 366 Days as appropriate.

(d) The reservation charge(s) and reservation surcharge(s) for any index-based capacity release shall be determined according to NAESB Standard 5.3.67.
9. CAPACITY RELEASE PROGRAM

9.17 Marketing Fee. A Releasing Shipper may request that Transporter actively market the capacity to be released. In such event, the Releasing Shipper and Transporter shall negotiate the terms of the marketing service to be provided by Transporter and the marketing fee to be charged therefore.
9. CAPACITY RELEASE PROGRAM

9.18 Billing. Transporter will bill the Replacement Shipper the reservation charge and any applicable surcharges specified in the Replacement Capacity Agreement, and the Replacement Shipper shall pay these amounts directly to Transporter. The Releasing Shipper shall be billed the reservation charge and any associated surcharges pursuant to its contract, and, concurrently, Transporter will credit said bill by the reservation charge and applicable surcharge(s) due from the Replacement Shipper. The Releasing Shipper shall also be billed a negotiated marketing fee, if applicable, pursuant to the provisions of Section 9.17 herein. As a part of the marketing fee, Transporter and the Releasing Shipper may agree to a different crediting amount. A Replacement Shipper who re-releases acquired capacity shall also pay Transporter's marketing fee, if applicable.

Transporter separately maintains Gas flows of Releasing and Replacement Shippers and will directly bill the appropriate Shipper for any overrun and imbalance charges, if applicable. Replacement Shipper shall pay the applicable Tariff maximum commodity rate for service rendered unless otherwise agreed by Transporter.

If a Replacement Shipper fails to make payment to Transporter of the reservation charge and any applicable reservation surcharge(s) due as set forth in Section 12 of the GT&C, Transporter shall invoice Releasing Shipper the unpaid (1) reservation rates, (2) surcharges to the reservation rate, (3) other reservation-type charges, and (4) interest charges and late fees associated with such amounts. Such invoice adjustments are not subject to the time limitations of Section 12.4 of the GT&C. In addition, the Releasing Shipper may terminate the release of capacity to the Replacement Shipper if such Shipper fails to pay the entire amount of any bill for service under the Replacement Capacity Agreement when such amount is due.
9. CAPACITY RELEASE PROGRAM

9.19 Compliance by Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with the terms and conditions of Transporter's certificate of public convenience and necessity authorizing this capacity release program and all applicable Commission orders and regulations. Such Replacement Shipper also agrees to be responsible to Transporter for compliance with all terms and conditions of Transporter's Tariff, as well as the terms and conditions of the Replacement Capacity Agreement.
9. CAPACITY RELEASE PROGRAM

9.20 Temporary Capacity Release Obligations. The Releasing Shipper shall continue to be liable and responsible for all reservation charge(s) associated with a temporary release of capacity derived from the reservation charge specified in the Releasing Shipper's TSA or Replacement Capacity Agreement. Re-releases by a Replacement Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this section.
9. CAPACITY RELEASE PROGRAM

9.21 Refunds. In the event that the Commission orders refunds of any rates charged by Transporter, Transporter shall provide refunds to Releasing Shippers to the extent that such Shippers have paid a rate in excess of Transporter's just and reasonable, applicable maximum rates. Releasing Shipper will bear the responsibility for providing refunds to the appropriate Replacement Shippers, unless otherwise agreed in a general rate case stipulation and settlement agreement.
9. CAPACITY RELEASE PROGRAM

9.22 Temporary Capacity Release Termination

(a) Using the notice procedures of Section 12.6 of the GT&C, Transporter may elect to terminate a Replacement Capacity Agreement upon 30 Days written notice to the Replacement Shipper, and to FERC, under the following conditions.

(1) Transporter has or will terminate the Releasing Shipper's service pursuant to (i) the Termination of Service provisions of Section 12.6 the GT&C or (ii) the Creditworthiness requirements of Section 4.12 of the GT&C; and

(2) The rate stated in the Replacement Capacity Agreement is less than the rate for service under the TSA with the Releasing Shipper.

(b) A creditworthy Replacement Shipper may continue an existing Replacement Capacity Agreement by notifying Transporter prior to the end of the 30-Day notice period that it agrees to pay a rate that is the lesser of:

(1) the applicable maximum rate; or

(2) the same rate as is in the TSA between Transporter and the Releasing Shipper; or

(3) a mutually agreed upon rate.
9. CAPACITY RELEASE PROGRAM

9.23 Segmented Releases. Shipper may also release capacity using the Segmentation provisions of Section 8.1(a)(iii) under the following conditions.

(a) The Segmented release must be within the Primary Receipt-to-Delivery Flow Path.

(b) The quantity released does not exceed the MDQ entitlements for that Segment.
10. IMBALANCE MANAGEMENT

10.1 Imbalance Management and Operating Tolerances.

(a) Imbalance. For purposes of this section, "monthly imbalance" shall mean the cumulative difference between receipt quantities less FL&U, and the quantities accepted by Shipper or Shipper's designee at the delivery points, resulting from current Month activity plus any beginning of Month imbalance.

(b) Balancing Obligations. Daily and monthly balancing of receipt quantities and the quantities delivered to Shipper shall be Shipper's responsibility. Each Day Transporter shall, to the extent practicable, deliver quantities for Shipper's account concurrently with the receipt of quantities. At no time on any Day shall Transporter be required to receive quantities for Shipper's account in excess of the quantities Shipper or Shipper's designee will accept at the delivery point(s) on a concurrent basis. Similarly, on any Day Transporter shall not be required to make quantities available for delivery in excess of the receipt quantities being tendered by Shipper on a concurrent basis.

(c) Operating Tolerances. Shipper and Transporter shall manage the receipts and deliveries so that daily and monthly imbalances shall be kept as near zero as practicable.

(d) Notification. Either Party shall notify the other as soon as practicable when it becomes aware that receipts and deliveries are not in balance. Transporter shall formally notify Shipper of allocated receipts, deliveries, and related imbalances, by way of Transporter's EBB as soon as allocated quantities are available.

(e) Third Party Imbalance Management Services. Transporter shall accommodate third-party imbalance management services on a non-discriminatory basis as long as these services comply with applicable NAESB WGQ Standards and do not adversely impact system operations. Criteria for third-party services will include compliance with NAESB WGQ nomination and confirmation time lines, and satisfaction of Transporter’s credit requirements appropriate for the quantity of Shipper imbalance Gas for which such third party may be responsible.

(f) Imbalances with Other Parties. Transporter shall not be responsible for eliminating any imbalances between Shipper and any third party, including imbalances between local distribution companies and/or specific end users. Furthermore, Transporter shall not be obligated to deviate from its standard operating and accounting procedures in order to reduce or eliminate any such imbalances.
10. IMBALANCE MANAGEMENT

10.1 Imbalance Management and Operating Tolerances (continued)

(g) Balancing Upon Termination. Upon termination of the TSA, any imbalance shall be eliminated through the procedures set forth in this section.

(i) Shipper shall have the first five calendar Days of the Month following the TSA termination date to resolve the terminated TSA imbalance pursuant to GT&C Section 10.

(ii) Any remaining imbalance at the end of the five-Day period of the Month following the TSA termination date will be Cashed Out to eliminate the remaining balance in accordance with GT&C Section 10.3(b).

(iii) Cash Out of terminated TSA imbalances will not be required if a resolution to the imbalance is mutually agreed to in writing prior to the end of the five-Day period of the Month following the TSA termination date. Any such written imbalance resolution will be agreed to on a not unduly discriminatory basis and posted on Transporter's EBB.

(h) Inactive TSA Imbalances. An Inactive TSA is defined as any TSA with an imbalance that has remained unchanged for a three consecutive Month period. Any such Inactive TSA imbalance quantity will be cashed out in accordance with GT&C Section 10.3(b). Transporter will provide notice to the Inactive TSA Shipper 15 Days prior to the pending Cash Out.

(i) Locations For Which Electronic Measurement Is Not Available. When measurement information is not available at a location at the time allocations are performed, quantities will be allocated as scheduled. If measurement data is received on or before the fifth Business Day of the Month following flow, daily quantities will be reallocated pursuant to the appropriate pre-determined allocation procedure for the location. Measurement data which is received after the fifth Business Day of the Month will be used to retroactively allocate quantities at the location. Imbalances resulting from such retroactive allocations will be reflected for the next Month on the appropriate Shipper TSAs.
10. IMBALANCE MANAGEMENT

10.2 Imbalance Adjustments.

(a) Imbalance Transfers. At the end of each Month, Transporter shall, unless otherwise agreed, review each Shipper's TSAs and will transfer imbalances among such TSAs to provide the Shipper with the lowest possible imbalance on all TSAs. Transporter will first transfer imbalances among a Shipper's TSAs under the same rate schedule. Thereafter, Transporter will transfer imbalances among that Shipper's TSAs under all rate schedules. No imbalance under any TSA will be increased as the result of a transfer.

(b) Upon completion of imbalance transfers, Shipper may elect to trade the remaining imbalance quantity under its TSA in the Imbalance Trade process as described in Sections 10.2(c) and 10.2(d) below.

(c) Election for Imbalance Trades. On or before the close of business on the ninth Business Day of the Month following the accumulation of an imbalance, a Shipper may notify Transporter of its election to make an Imbalance Trade. If Transporter does not receive notification, then the imbalance will be cashed out pursuant to the terms of this section.

(d) Transporter shall effect an election to make an Imbalance Trade incurred during a Month as posted and verified electronically.

(i) A Shipper, acting without the assistance of Transporter, may negotiate an Imbalance Trade arrangement with another Shipper; provided however, that such trades must be between locations primarily considered receipt points or between locations primarily considered delivery points. Trades will not be allowed between receipt and delivery points.

(ii) Upon Shipper's request, Transporter shall post on its EBB the Shipper's willingness to conduct an Imbalance Trade. Such posting shall include the imbalance quantity available to be traded, the Shippers' contact name(s) and phone number(s) and any special conditions. Such posting may be made through the seventeenth Business Day of the Month following the Month of Gas flow.

(iii) Shippers shall negotiate the terms of any Imbalance Trades among themselves.
10. IMBALANCE MANAGEMENT

10.2 Imbalance Adjustments.

(d) (continued)

(iv) Shippers conducting Imbalance Trades must electronically notify Transporter of their trade no later than the seventeenth Business Day of the Month following the Month in which the imbalance to be traded was created.

(v) Only Imbalance Trades which have the effect of reducing a Shipper's imbalance quantity under a specific TSA are permitted.

(vi) Transporter shall permit Imbalance Trade arrangements at no additional cost to the Shippers.

(vii) After completion of all Imbalance Trade transactions, Transporter shall apply the Imbalance Trade quantity to Shipper's TSA imbalance quantity. After all successful Imbalance Trades have been completed, the remaining imbalance will be cashed out pursuant to Section 10.3 of the GT&C.
10. IMBALANCE MANAGEMENT

10.3 Cash Out. All remaining imbalances shall be subject to the following Cash Out provisions.

(a) Determination of Cash Out Quantities. Application of the Cash Out process will result in a monetary value due to the Shipper or Transporter which upon payment, will result in reduction of the imbalance to zero.

(i) Transporter shall determine the imbalance quantity applicable to each TSA through the last Day of the Month.

(ii) Shippers shall have the opportunity to reduce the end-of-Month imbalances pursuant to the Imbalance Trade procedures described above. Such reductions, if any, shall determine a final end-of-Month imbalance for each TSA.

(iii) Transporter and Shipper shall Cash Out the full imbalance by applying the cash out price, pursuant to Section 10.3(b)(iii) of the GT&C, to the final end-of-Month imbalance if such imbalance exceeds the Monthly threshold quantity. If the end-of-Month imbalance does not exceed the monthly threshold, such imbalance will be forwarded to the next Month's imbalance calculation, unless the Shipper elects to Cash Out the imbalance pursuant to GT&C Section 10.3(b)(iii)(1).

(iv) The monthly threshold will be calculated by: 1) multiplying 3 percent of the firm Shipper's MDQ by the number of Days in the applicable Month, or 2) multiplying the interruptible Shipper's monthly scheduled quantity by 3 percent.

(b) Determination of Cash Out Liabilities.

(i) Shipper shall not be subject to Cash Out pursuant to this Section 10.3 if the imbalance occurs at an interconnection at which the subject imbalance applies to an OBA, unless Shipper fails to follow the scheduling procedures of Section 6 of the GT&C.

(ii) Imbalances shall be valued at the reference prices described below for the Month in which the imbalance was incurred.
10. IMBALANCE MANAGEMENT

10.3 Cash Out
(b) Determination of Cash Out Liabilities (continued)

(iii) Cash Outs shall be priced in the following manner.

1. For that portion of the imbalance less than the monthly threshold quantity:

   If Shipper owes end-of-Month balances to Transporter, the quantities shall be cashed out at the reference price described in Section 10.3(b)(iv)(6).

   If Transporter owes end-of-Month balances to Shipper, the quantities shall be cashed out at the reference price described in Section 10.3(b)(iv)(5).

2. For that portion of the imbalance exceeding the monthly threshold quantity:

   If Shipper owes end-of-Month balances to Transporter, the quantities shall be cashed out at the highest of the reference prices described in Section 10.3(b)(iv)(1-4).

   If Transporter owes end-of-Month balances to Shipper, the quantities shall be cashed out at the lowest of the reference prices described in Section 10.3(b)(iv)(1-4).

(iv) Each Month, Transporter shall use the reference prices reviewed by the Commission and listed below to determine the Cash Out Index Price. Should any of these publications become temporarily unavailable or to the extent a publication fails to report the applicable prices, Transporter shall substitute information posted in a similar publication. Should any of these publications become permanently unavailable or a reference price no longer be reported, Transporter shall substitute information posted in a similar publication after first filing for Commission approval of the point or publication it wishes to use as a substitute. Changes in the name, format or other method of reporting by the publications in this Section 10.3(b)(iv) that do not materially affect the content shall not affect their use hereunder. The Cash Out Index Prices shall be reported on Transporter's EBB no later than 5:00 p.m. CCT on the fifth Business Day of the Month following the production Month.
10. IMBALANCE MANAGEMENT

10.3  Cash Out

(b)  (iv) Determination of Cash Out Liabilities (continued)

The following reference prices will be used to determine cash out prices related to direction of the imbalance as described in Section 10.3(b)(iii) of the GT&C.

(1) The index price for Malin or Opal on the Natural Gas Intelligence ("NGI") Bidweek Survey.

(2) The five-Day simple moving average of the daily average prices for Opal as published on the NGI Daily Gas Price Index for the production month.

(3) The average of the index prices for Malin and Opal as reported on the NGI Bidweek Survey.

(4) The five-Day simple moving average of the daily average prices for Malin as published on the NGI Daily Gas Price Index for the production month.

(5) The average of the daily average prices for Opal as published on the NGI Daily Gas Price Index for the production month.

(6) The average of the daily average prices for Malin as published on the NGI Daily Gas Price Index for the production month.

(v) Transporter shall pay or credit the account, as appropriate, of Shipper for any cash out amounts due Shipper. Shipper shall pay Transporter for any Cash Out amounts due Transporter.

(vi) Upon payment of the appropriate Cash Out amounts, the final end-of-Month quantities under the affected TSA will be reduced to zero.

(vii) Transporter will not Cash Out imbalances if: (i) Shipper's action is excused by force majeure, (ii) Transporter has invoked force majeure, or (iii) the imbalances are caused by Transporter or result from Transporter's error. Transporter shall permit any imbalances exempted from Cash Out under this provision to be made up in-kind or by some other mutually agreeable method, provided such makeup occurs within three Months from the date the imbalance was created.
10. IMBALANCE MANAGEMENT
   10.3 Cash Out
      (b) Determination of Cash Out Liabilities (continued)
         (viii) Penalties that are in excess of Transporter's costs, including any administrative costs that are received by Transporter pursuant to the operation of this section, shall be credited to Transporter's firm and interruptible transportation Shippers on a pro rata basis in accordance with the quantities transported for each Shipper. Transporter shall credit any such excess penalties within 45 Days of the applicable FL&U True-Up Filing.
10. IMBALANCE MANAGEMENT

10.4 Determination of Deliveries. At each receipt or delivery point, quantities shall be based upon an allocation procedure. Quantities shall mean quantities nominated by Shipper and scheduled and confirmed by Transporter pursuant to GT&C Section 6.

(a) At each receipt and delivery point, Transporter shall reach agreement with the Interconnecting Party as to the Predetermined Allocation Agreement (PDA) to be used.

(i) PDAs shall be established using the allocation methodologies and criteria set forth in the NAESB WGQ Standards.

(ii) PDAs for each Month shall be agreed to prior to Gas flow. To the extent possible, changes to PDAs during a calendar Month shall be minimized or avoided.

(iii) Transporter shall post on its EBB the PDA methodology to be used at each receipt and delivery point.

(iv) In the event that less than confirmed nominations are to be allocated, Transporter shall use the ranks provided in the affected nominations to determine Shipper priorities to the extent that use of such rank is not in conflict with other provisions of this Tariff.

(b) Absent agreement to a PDA methodology, quantities at each receipt and delivery point shall be allocated pro rata based on scheduled quantities or based on the operational balancing agreement provisions of GT&C Section 10.5.
10. IMBALANCE MANAGEMENT

10.5 Transporter may enter into an Operational Balancing Agreement (“OBA”) at receipt and delivery points with an Interconnecting Party on a not unduly discriminatory basis. An OBA is a contract between Transporter and an interconnected Operator/Interconnected Party which specifies the procedures to manage operating variances at an interconnect (NAESB WGQ Standard 2.2.1). Such OBAs provide for the allocation of scheduled quantities to the Shippers’ accounts with any operational variances allocated to the OBA. The form of agreement used by Transporter follows the format of the Model OBA developed by NAESB WGQ. Locations covered by an effective OBA do not require a predetermined allocation agreement.
10. IMBALANCE MANAGEMENT

10.6 Maintenance of System Integrity. Nothing in this section limits Transporter’s right to take any and all actions that may be required to adjust receipts and deliveries of Gas in order to alleviate conditions that might threaten the integrity of its system, including the integrity of maintaining service to higher-priority Shippers.
SYSTEM OPERATIONAL PARAMETERS
11. SYSTEM OPERATIONAL PARAMETERS

11.1 Cautionary Condition Procedures

(a) An SOC may be issued using the notification procedures of Section 6.2(c)(iv) of this Tariff in situations where in Transporter's reasonable judgment minor variations in receipt and delivery quantities from scheduled quantities cannot be accommodated. Examples of such operating conditions include (1) when a system outage occurs; (2) when extreme weather conditions develop; (3) when line pack exceeds (above or below) operational tolerances; or (4) when actual receipt and delivery quantities on the system vary from scheduled volumes such that Transporter's capability to receive and deliver Gas consistent with Transporter's contractual obligation with its Shippers is adversely affected. The issuance of an SOC requests Shippers' voluntary support in correcting over-performance or under-performance. Transporter will not charge a Cautionary Condition charge in the event of an SOC. An SOC shall remain in effect until lifted by Transporter.

(b) If the SOC does not improve, Transporter, using its reasonable judgment, may declare a COC after the SOC has been in effect for at least one intraday scheduling cycle. In the event of an emergency situation where safety or overall system integrity is at immediate risk, Transporter may invoke a COC immediately without first declaring an SOC. The COC will be issued using the notification procedures of Section 6.2(c)(iv) of this Tariff. The COC will be limited to the smallest area of the system possible so that the fewest number of Shippers are affected. A COC shall remain in effect until lifted by Transporter.

(c) During a Critical Operating Condition, the Shipper shall adjust receipts or deliveries to a level that varies less than 3% from the scheduled volume for such Day or 100 Dth, whichever is larger. If the Shipper continues to under-perform by failing to deliver or take the quantities it scheduled for that flow Day, a Cautionary Condition charge equal to the Unauthorized Daily Overrun Charge shall be levied by Transporter to the Shipper in the amount shown on the Statement of Rates.
11. SYSTEM OPERATIONAL PARAMETERS

11.2 Force Majeure

(a) A force majeure event shall generally mean any unplanned or unanticipated event or circumstance that is not within the control of the party claiming suspension of its obligation and which such party could not have avoided through the exercise of reasonable diligence. A force majeure event includes, without limitation: acts of God, fires, explosions, earthquakes, volcanic eruptions, storms, floods, or washouts; compliance with any court order, law, regulation or ordinance promulgated by any governmental authority having jurisdiction, whether federal, Indian, state or local, civil or military; acts of a public enemy; wars or civil disturbances; strikes, lockouts or other industrial disturbances; failure of any third parties necessary to the performance by either Transporter or Shipper under the relevant TSA(s); the acts, errors or omissions of any third parties that have the effect of precluding or in any way interfering with Transporter or Shipper’s performance under the executed TSA; breakage, accident or failure of pipelines, machinery of any kind, valves, electronic equipment, metering devices, or any other facility or tangible thing related to or required for the safe, reliable and efficient transportation or storage of Natural Gas; testing (as required by governmental authority); inability to obtain necessary materials, supplies, permits, or labor to perform or comply with any obligation or condition of this Tariff or any governmental requirement; inability to obtain rights of way; and any other causes that are not reasonably within the control of the party claiming suspension.

(b) A force majeure event shall include shutdowns for purposes of necessary repairs, alterations, relocations, or construction of facilities associated with any of the events described in Section 11.2(a) above. Transporter shall exercise reasonable diligence to schedule such shutdowns so as to minimize or avoid service interruptions.

(c) If, because of a force majeure event, either Transporter or Shipper is rendered unable, wholly or in part, to perform its obligations under a TSA or this Tariff, or both, and if the party unable to perform its obligations under a TSA or this Tariff 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 reasonable diligence to remedy its nonperformance, including undertaking such alternative performance as may be reasonable under all the facts and circumstances.
11. SYSTEM OPERATIONAL PARAMETERS

11.2 Force Majeure (continued)

(d) No force majeure event affecting the performance by Transporter or Shipper shall relieve such party of its liability in contract, if a court of competent jurisdiction later determines that the declared event did not qualify as a force majeure event under Sections 11.2(a) or 11.2(b) or that such party failed to use reasonable diligence to remedy its nonperformance as provided in Section 11.2(c). Nothing herein shall limit Transporter's liability, if any, to Shipper for direct damages, provided that any such damages shall be offset by the amount of any reservation charge credits required to be given under this Tariff. Nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments due, including reservation charges.

(e) The declaration of a force majeure event by Shipper shall not relieve Shipper of all of its obligations under this tariff, including, but not limited to, its obligation to: 1) nominate and schedule both the receipt and delivery quantity to match actual physical receipts; and/or 2) nominate and schedule the delivery quantity equal to the amount of shipper's actual takes; and/or 3) take no more from the delivery point than has been scheduled; and/or 4) take no more from the delivery point than has been physically received.
12. BILLING AND PAYMENT

12.1 Billing
(a) Billing. On or before the ninth Business Day of each Month Transporter shall render to Shipper an invoice for the total payment for services rendered to Shipper under its TSA during the preceding Month.

(b) When Shipper is in control of information required by Transporter to prepare invoices, Shipper shall cause such information to be received by Transporter on or before the fifth Business Day of the Month immediately following the Month to which the information applies. If the information is not received by such deadline, Transporter will make a good faith estimate of the information and proceed with the billing process.

12.2 Payment and Late Charge
(a) Payment. Each Shipper shall pay Transporter in immediately available funds, at the applicable address listed in the “Points of Contact” Section of this Tariff, within 10 Days of receipt of the invoice for the preceding Month. Unless otherwise specified, the effective payment due date of an invoice when such due date does not fall upon a Business Day should be the first Business Day following the due date (NAESB WGQ Standard 3.3.25). Any invoice provided by Transporter which is received by Shipper after the ninth Business Day of the Month shall not extend the due date of payment unless Transporter is responsible for such delay.

(b) Late Charge. Should Shipper fail to pay the entire amount of any invoice when same is due, interest on the unpaid balance shall accrue using the interest rates and procedures specified in Section 154.501(d) of the Commission regulations from the due date of payment to the date of actual payment. In the event a late charge accrues to an amount less than $10, Transporter will not invoice the late charge amount and such charge shall not be reflected on Shipper’s account.

12.3 Dispute Procedures. In the event of a bona fide dispute between the parties concerning the billed amount, Transporter shall not terminate transportation service under the notification procedures outlined below when Shipper acts in a timely manner to provide additional information and security for Transporter in accordance with the following procedures.

(a) Remittance Detail. When Shipper submits payment, it must pay all amounts not in dispute and provide documentation supporting any disputed amounts. If payment differs from the amount invoiced, Shipper shall provide remittance detail with the payment. However, unless Shipper provides documentation specifying otherwise, if either principal or interest are due, any payments thereafter received shall first be applied to the interest due, then to the previously outstanding principal due and, lastly, to the most current principal due, unless the parties mutually agree otherwise.
12.3 Dispute Procedures (continued)

(b) Payment Security. Within 30 Days after the due date of any payment, Shipper must pay the disputed amount in full or provide sufficient security for the disputed amount. If Shipper pays the disputed amount, such amount is subject to return by Transporter, with interest calculated in accordance with Section 12.2(b), if the dispute is resolved in Shipper's favor. If Shipper does not pay the disputed amount, it must furnish good and sufficient payment security (in addition to any security furnished pursuant to Section 4.12), acceptable to Transporter for all amounts ultimately found due after resolution of the dispute, including the amount now in dispute plus the estimated interest calculated in accordance with Section 12.2(b) that accrues until resolution of the dispute. This section does not apply to ordinary adjustments of overcharges and undercharges in accordance with Section 12.5.

12.4 Corrections. The time period for corrections to invoice or statement shall be six Months from the date of the initial invoice or statement with a three-Month rebuttal period using the dispute procedures described above in Section 12.3, excluding government required rate changes. Parties' other statutory or contractual rights shall not otherwise be diminished by this limitation. If there is a deliberate omission or misrepresentation of fact, there will be no time limit for correction of the invoice. If there has been a mutual mistake of fact, no corrections shall be made for an invoicing error unless notice of the mistake is given within 24 Months after the mistake is committed.

12.5 Adjustment of Overcharge and Undercharge - If it is determined within the time limits specified in Section 12.4 that Shipper has been overcharged or undercharged as a result of an error in billing for which Transporter is solely responsible and Shipper paid such bill, then the following procedures will apply. Unless mutually agreed otherwise, Transporter shall refund within 30 Days of a final determination the amount of any overcharge, with interest calculated pursuant to Section 12.2(b) above. Unless mutually agreed otherwise, Shipper shall pay within 30 Days of a final determination the amount of any undercharge, with interest calculated pursuant to Section 12.2(b) above. Interest shall be calculated from the time such overcharge or undercharge was paid to the date of refund or payment, respectively. This section does not apply to payments subject to a billing dispute in accordance with Section 12.3.
12.6 Termination of Service. Without prejudice to any other rights and remedies available to Transporter under the law and the TSA, Transporter shall have the right to initiate the termination of transportation service using the following notification procedures if any undisputed amount billed to a defaulting Shipper remains unpaid for more than 30 Days after the due date thereof. If the defaulting Shipper has released a portion of its capacity, then Transporter shall also comply with the requirements of Section 9.22.

(a) First Notice: On or about 10 Days after the due date of any payment, Transporter shall provide written notice to the defaulting Shipper and to the FERC that service may be terminated in 30 Days unless payment is received;

(b) Second Notice: On or about 20 Days after the due date of any payment, Transporter shall provide written notice to the defaulting Shipper and to the FERC, that service may be terminated in 20 Days unless payment is received;

(c) Final Notice: On or about 30 Days after the due date of any payment, Transporter shall provide written notice to the defaulting Shipper and to the FERC, that service will be terminated unless payment is received within 10 Days.

(d) If a defaulting Shipper's service is terminated under a TSA, such Shipper shall compensate Transporter for any difference between the revenues due Transporter for the remaining contract term under the terminated TSA and the revenues to be received under a replacement TSA, if any, marketed to another Shipper to replace the terminated TSA. In addition, any outstanding imbalance quantity will be treated in accordance with the provisions of Section 10 of the GT&C.
13. FL&U

13.1 FL&U consists of compressor station fuel Gas and fuel Gas for other utility purposes, including but not limited to line losses and other unaccounted-for Gas in the operation of Transporter's building uses and pipeline system. FL&U shall be furnished in-kind by Shippers at applicable receipt point(s) on a pro rata basis in addition to the quantity to be transported.

13.2 The FL&U Reimbursement Percentage shall be updated quarterly based on actual usage and shall apply to those TSAs requiring assessment of FL&U. Transactions that do not consume fuel will not be assessed a fuel charge; however, such transactions will be assessed a charge for L&U as identified in each filing made pursuant to Section 13.4.

Fuel reimbursement shall not be required in the following circumstances:

(a) Transportation service is provided via Backhaul; and

(b) Transportation service is provided in the no-fuel zone which is located upstream of Transporter’s Roberson Creek compressor station.

13.3 Neither the Fuel nor L&U Reimbursement Percentage shall be less than zero. Should the calculation of the FL&U Reimbursement Percentages result in FL&U Reimbursement Percentages less than zero, the FL&U Reimbursement Percentages shall be adjusted to zero and the quantities that would have reduced the calculation of the FL&U Reimbursement Percentages below zero shall be deferred and applied to the calculation of the FL&U Reimbursement Percentages in a future period. Transporter will submit to the Commission any workpapers supporting the deferral of quantities in updates of the FL&U Reimbursement Percentages submitted pursuant to the provisions of this Section 13.

13.4 The initial FL&U Reimbursement Percentage shall be as accepted by the Commission in Docket No. CP09-54. The first FL&U True-Up Filing shall be made no later than six Months after the in-service date of Transporter's System. Thereafter, the FL&U True-Up Filing shall be made at least every three Months. The proposed FL&U Reimbursement Percentage shall become effective on the proposed date after appropriate FERC review and notice.

(a) For Transporter’s first FL&U True-Up Filing, the data collection period shall be the period between the in-service date and two Months before the filing date. For each FL&U True-Up Filing thereafter, the data collection period shall be the three Month period ending two calendar Months before the filing date of the FL&U True-Up Filing.
13.5 Derivation of FL&U True-Up

(a) The FL&U True-Up Amount shall be derived by dividing: (1) the sum of the Projected FL&U Requirement and the FL&U Requirement Adjustment (numerator), by (2) the projected receipt quantities related to the applicable transportation service for relevant Shippers during the upcoming period (denominator).

(i) The Projected FL&U Requirement shall be the quantity of Gas which is the sum of the FL&U projected by Transporter to be required to support the applicable transportation service for relevant Shippers under all Rate Schedules during the upcoming period.

(ii) The FL&U Requirement Adjustment shall be the quantity of Gas which is the difference between: (A) the actual quantities of FL&U experienced by Transporter during the data collection period; and (B) the quantities of Gas retained by Transporter during the data collection period. To the extent possible in calculating the FL&U Requirement Adjustments, any deferred fuel quantities from prior periods pursuant to section 13.3 of this provision (“Deferred Fuel Quantities”) first shall be netted against any under collected quantities of fuel from the data collection period and any deferred L&U quantities from prior periods pursuant to section 13.3 of this provision (“Deferred L&U Quantities”) first shall be netted against any under collected L&U quantities during the data collection period. Additionally, any over retained quantities of fuel during the data collection period and/or any remaining quantities of Deferred Fuel and L&U Quantities shall be offset against any under collected quantities of L&U during the data period. Similarly, any over retained quantities of L&U during the data collection period and/or any remaining quantities of Deferred Fuel and L&U Quantities shall be offset against any under collected quantities of fuel during the data collection period. Determination of the actual quantities of FL&U experienced during this period shall include an adjustment to recognize the effect of changes in system line pack, if any.

13.6 FL&U calculations shall be accomplished pursuant to NAESB WGQ standards, as follows:

(a) When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process shall be rounded to the nearest Dekatherm, Gigajoule (Canada), or Gigacalorie (Mexico). The mathematical effect of rounding can yield a result of zero. (NAESB WGQ Standard 1.3.15).
13.6 FL&U calculations shall be accomplished pursuant to NAESB WGQ standards, as follows: (continued)

(b) Where fuel reimbursement is in-kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be $(1 - \text{fuel \%} / 100)$ multiplied by receipt quantity = delivery quantity (NAESB WGQ Standard 1.3.16).

(c) For in-kind fuel reimbursement methods, Transporter shall not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth (NAESB WGQ Standard 1.3.29).

(d) The transportation priority for fuel shall be the same as the level of service as the transaction to which it applies (NAESB WGQ Standard 1.3.31).

(e) For current in-kind fuel reimbursement procedures, fuel rates shall be made effective only at the beginning of the Month (NAESB WGQ Standard 1.3.28).
14. PENALTIES

14.1 Penalty Provisions. Shipper will only be subject to one penalty for the same type of infraction involving any quantity of Gas in conjunction with transportation service under this Tariff. Shipper's invoice(s) shall not include assessment for a charge or penalty of less than two hundred dollars ($200).

14.2 Unauthorized Daily Overrun and Unauthorized Hourly Scheduling Crediting.

(a) Transporter shall retain an amount equal to 1X (one times) the applicable authorized and/or unauthorized overrun rate as payment for transportation received. The remaining applicable overrun rate revenue collected by Transporter under a firm or interruptible TSA shall be credited by invoice credit to those firm and interruptible Shippers who did not incur unauthorized daily overrun charges in the Month for which such revenues were received.

(b) Unauthorized Hourly Scheduling Penalties collected by Transporter pursuant to Section 5 of Rate Schedule SS-1 shall be credited by invoice credit to those firm and interruptible Shippers who did not incur unauthorized hourly scheduling penalties in the Month for which such penalties were received.

(c) Credits to eligible Shippers shall be made on a pro rata basis, based on a Shipper's total reservation and commodity charges paid each Month. Such credit shall be made not later than the March accounting Month statement sent subsequent to the calendar year-end by Transporter. Any dollars collected and retained by Transporter pursuant to this section shall accrue interest as defined in Part 201 of the Commission's Regulations.

14.3 In the event Gas is surrendered under Rate Schedules PAL or SS-1 Transporter will credit the value of such Gas, net of the costs associated with the disposal of such Gas, to Shippers as a part of Transporter's penalty crediting mechanism described in 14.2(c) above.
15. REVENUE SHARING MECHANISM

15.1 Sharing for Qualifying Shippers. This Section 15.1 will not become applicable (i) until after January 1, 2012 and (ii) until after Transporter has Long-Term Firm Subscriptions equal to the initial designed capacity as filed in Docket No. CP09-54-000. Revenues collected by Transporter from interruptible and Short-Term Firm transportation service (service which is provided for terms of less than one year) under Rate Schedule FT during any calendar year shall be subject to the following crediting requirements.

(a) Transporter shall retain all Rate Schedule IT, PAL and SS-1 revenues and all Rate Schedule FT Short-Term Firm revenues and all authorized overruns or unauthorized daily overrun (equal to the 100% load factor equivalent FT rate) collected attributable to:

(i) that portion of the applicable Rate Schedules IT, PAL, SS-1 and FT rates representing variable costs; and

(ii) any applicable surcharges.

(b) Transporter shall retain all revenue associated with any expansion of facilities after the in-service date of the Docket No. CP09-54-000 facilities.

(c) In the event Transporter (i) receives total revenues under Rate Schedules FT, IT, PAL and SS-1 in excess of the first year cost of service based on the Exhibit N in Docket No. CP09-54 as revised for the actual, final facility cost of service, and (ii) receives Rate Schedules IT, PAL, SS-1 and Short-Term Firm revenues in excess of the cost allocation underlying the existing rate design for those interruptible and Short-Term Firm services, Transporter shall credit the excess revenues from Rate Schedules IT, PAL, SS-1, all authorized overruns or unauthorized daily overruns above the 100% load factor equivalent FT rate and Short-Term Firm revenues in the following manner. The revenues shall be shared between all negotiated rate shippers, with TSAs providing for such sharing, recourse rate shippers and Transporter. Each Shipper shall be allocated a proportionate share of the amount to be credited to shippers based upon the relationship of the total payments received from the Shipper and the total of all such revenues received by Transporter. Negotiated rate shippers shall receive the percentage of their allocated share stated in their negotiated rate TSA and all other shippers shall receive 50% of their allocated share. Transporter shall retain the remaining revenues.
15.2 The revenues to be credited, if any, shall be credited to those qualifying Shippers not later than April 15 of each year with such credit to be applied in three monthly installments if needed, or if a credit cannot be applied, a cash refund shall be distributed. Transporter will file an annual report by August 1 of each year demonstrating such crediting under Section 15.1 of the GT&C. If the in-service date of the Docket No. CP09-54-000 facilities falls after January 1 of any year, such crediting will be provided only for the next calendar year.
16. RESERVATION CHARGE CREDIT

16.1 No adjustments of any kind under this Section shall be required if Transporter's failure to schedule Gas is due to Shipper's failure to perform in accordance with the terms of the TSA and the Tariff, including, but not limited to, Cautionary Condition orders, failure to meet all applicable Gas quality specifications, and failure of supply, transportation, and/or market upstream of or downstream from Transporter's pipeline system.

16.2 Unless otherwise agreed between Transporter and Shipper, no reservation charge adjustment shall be made with respect to any service nominated at Secondary or Flow Path Secondary receipt or delivery points. However, reservation charge credits shall be applicable to quantities scheduled to delivery points not listed as primary points on Shipper’s TSA, to the extent Transporter is unable to schedule Shipper's nominated quantities due to a constraint occurring on the portion of the Primary Receipt-to-Delivery Flow Path utilized by that Shipper for that Gas Day.

16.3 Subject to Sections 16.1 and 16.2, if, during any force majeure event declared by Transporter, Transporter fails to schedule the nominated and confirmed quantities up to a Shipper's MDQ by the end of the last nomination cycle in a Gas Day, Transporter will provide a partial reservation charge adjustment as set forth in Section 16.5 for the entire period of the declared force majeure event unless such failure to schedule results from application of the scheduling priority described in Sections 6.3 and 6.5 of the GT&C. However, credits will not be due to Shipper on any quantities that are scheduled in a later cycle for that Gas Day.

16.4 Subject to Section 16.1 and 16.2, if, during periods of planned maintenance or other outages that have not been declared a force majeure event, Transporter fails to schedule the nominated and confirmed quantities up to a Shipper's MDQ in a Gas Day, Transporter will provide a 100 percent reservation charge adjustment as set forth in Section 16.6 for the entire period of Transporter’s failure to so schedule unless such failure to schedule results from application of the scheduling priority described in Sections 6.3 and 6.5 of the GT&C. However, credits will not be due to Shipper on any quantities that are scheduled in a later cycle for that Gas Day.
16.5 Subject to Sections 16.1 and 16.2, the reservation charge specified in the TSA will be reduced for any service failures on each Day during the period described in Section 16.3 by an amount equal to the product of (1) the quantity of nominated and confirmed Gas up to the Shipper's MDQ not scheduled by Transporter and (2) the applicable crediting rate per Dth. The applicable crediting rate is the portion of the contract rate representing Transporter’s equity return and taxes. Maximum recourse rate TSAs receive the maximum crediting rate. Negotiated rates in excess of the maximum recourse rate will be treated as equal to the maximum recourse rates for purposes of this provision. For discounted contract rates or for negotiated rate contract rates less than the maximum recourse rates, the crediting rate shall be equal to the maximum crediting rate for the maximum rate shippers less the difference between the maximum recourse rate and the contract rate. Furthermore, in no event will reservation charge adjustments be applicable to discounted or negotiated rate TSAs where the TSA discount is greater than the portion of the rate representing Transporter’s equity return and associated taxes. To determine the maximum crediting rate, Transporter’s equity return and taxes portion shall be the percentage of the maximum recourse rate stated on the Statement of Rates of this Tariff.

16.6 The reservation charge specified in the TSA will be fully refunded for any service failures on each Day during the period described in Section 16.4 by an amount equal to the product of (1) the quantity of nominated and confirmed Gas up to the Shipper's MDQ not scheduled by Transporter and (2) the rate per Dth equal to the quotient of the reservation rate in the TSA divided by the number of applicable Days, rounded to the nearest tenth of a cent.

16.7 Any adjustment under Sections 16.4 or 16.5 shall be credited against transportation charges for a future Month or refunded if the TSA has terminated. Corrections to credited amounts shall be resolved using the dispute procedures described in Section 12.3 of the GT&C and use the timelines described in Section 12.4 of the GT&C.
17. ANNUAL CHARGE ADJUSTMENT SURCHARGE

17.1 Purpose. For the purpose of recovering annual charges assessed to it by the Commission, pursuant to Part 382 of the Commission’s regulations, this Section 17 establishes an Annual Charge Adjustment (ACA) which shall be applicable to Transporter's sales and transportation Rate Schedules as set forth on the Statement of Rates of this Tariff.

17.2 Basis of the Annual Charge Adjustment. The Rate Schedules referred to in Section 17.1 shall include an increment for an Annual Charge Adjustment for the FERC's costs. Such adjustment shall be the charge factor, adjusted to Transporter's pressure base and heating value, if required, which is stated in the FERC's Annual Charges Billing. As incorporated by reference in Transporter’s Tariff, the ACA shall be revised annually as calculated by the Commission and posted on its website. A reference to the Annual Charge Adjustment shall be reflected on the Statement of Rates of this Tariff.

17.3 All amounts assessed shall be recorded in Account No. 928. Transporter will not seek to recover the ACA assessed to it pursuant to Part 382 of the Commission’s regulations in an NGA Section 4 rate case unless it also files to remove the authority to assess the ACA surcharge.

17.4 Effective Date. The ACA unit charge shall become effective October 1 of each Year or as directed by an order of the Commission if Transporter has paid the applicable annual charge in compliance with Part 382 of the Commission's regulations.
18. WAIVERS

18.1 Penalty Waiver. Transporter may, in exercise of its reasonable discretion, and on a not unduly discriminatory basis, waive all or a part of any penalty which might otherwise apply. Transporter may post waivers on its EBB at its discretion and will report waivers in accordance with Part 358 of the Commission’s Regulations.

18.2 Waivers of Past or Future Defaults.

(a) Transporter may, from time to time and on a not unduly discriminatory basis, waive any of its rights hereunder and compliance with the provisions of this Tariff. All such waivers shall be limited to past defaults or other past occurrences or case-by-case in advance waivers addressing specific, short-term operational problems.

(b) Transporter shall record any such waivers in a log, which shall be posted for public inspection on its EBB in accordance with Part 358 of the Commission's Regulations.

18.3 Non-Waiver of Future Defaults

Failure to exercise any rights under this Tariff shall not be considered a waiver of such right or of any rights in the future. No waiver of any one or more defaults by the other party in the performance of any of the provisions of this Tariff, or the provisions of any TSA incorporating the provisions of this Tariff, shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

18.4 Waiver Due to Force Majeure

Transporter may waive its obligations within this Original Volume No. 1 Tariff in order to maintain safe and reliable operations and/or commitments during a specified force majeure event, as described in Section 11.2 of the GT&C. Such actions may include changes to deadlines related to scheduling, contract request and amendment procedures, capacity release, point redesignation, capacity sales timelines, and imbalance resolution procedures that would help Transporter better manage the force majeure event and continue firm service to its Shippers. Transporter shall use its reasonable discretion in a not unduly discriminatory manner when making such determinations and utilization of this provision shall not impose new obligations on Shippers. Any such waiver and the reasoning behind the waiver shall be posted on Transporter’s EBB. Subsequent to the waiver, Transporter shall file with FERC an informational report detailing waiver action taken. Notwithstanding the foregoing, this provision does not authorize the waiver of the reservation charge crediting obligations pursuant to Rate Schedule FT.
18.5 In the event a Shipper experiences an unexpected and extraordinary event beyond the control of Shipper that renders it unable to reasonably submit nominations and confirmations pursuant to Section 6 of the GT&C, Transporter may waive, on a non-discriminatory basis, charges or penalties associated with such failure to reasonably nominate and confirm pursuant to Section 6 of the GT&C to the extent such waiver does not affect Transporter’s operations or obligations to provide service to other Shippers.
19. DESCRIPTIVE HEADINGS/INTERPRETATIONS

19.1 The descriptive headings of the provisions of the TSA and of the GT&C are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provision.

19.2 All defined terms used herein shall apply equally to both the singular and plural forms of the terms defined. Whenever any context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation."
20. ELECTRONIC BULLETIN BOARD ("EBB")

20.1 Transporter's EBB is accessed through Transporter's designated Internet site(s). The EBB provides a portfolio of electronic business services to Shippers. The EBB is available on a non-discriminatory basis to any party that has compatible equipment. The EBB may be accessed on the Internet at www.kindermorgan.com. Questions about the EBB may be directed to the applicable telephone number provided in the “Points of Contact” section.

20.2 Transporter's EBB shall provide a means for a Releasing Shipper to release its firm transportation rights in accordance with Section 9 of this Tariff.

20.3 Parties wishing to bid on released capacity shall post their bids through the EBB. Only those parties that have satisfied the creditworthiness requirements of Section 4.12 of this Tariff may submit a bid.

20.4 The EBB shall contain information concerning the availability of capacity:

(a) at receipt points;

(b) by pipeline Segment;

(c) at delivery points; and

(d) whether the capacity is available from Transporter directly or through Transporter's Capacity Release Program set forth in Section 9 of this Tariff.

20.5 Notice of Available Firm and Interruptible Capacity. Transporter will post on its EBB the availability of firm and interruptible capacity as required by Section 284.13(d) of the Commission's regulations.

20.6 Transporter may revoke a user's access code if Transporter has good cause to believe that one of the following events has occurred:

(a) Fraudulent or unauthorized use of the access code.

(b) An action resulting in a breach of security such as loss, theft or unauthorized disclosures or use of data contained on the EBB.

(c) Conduct that threatens the viable operations of the EBB, that wrongly interferes with the business transactions of another party or that in any way might threaten the integrity of Transporter’s pipeline system.

20.7 EBB access, including historical data, shall be available to state regulatory commissions and state consumer advocates on the same basis as any other party.
20.8 Transporter shall maintain backup copies of the data contained on its EBB for three years, which may be archived to off-line storage. Parties may access the on-line data directly through the EBB. In the event the data has been archived off-line, parties may request such data through the EBB’s electronic mail service. Transporter will provide a computer disk containing archived data for a charge of $50.00.

20.9 EBB users shall be allowed to download files so their contents can be reviewed in detail without tying up access to the EBB. Information on the most recent transactions shall be listed before older information. EBB users shall be able to split large files into smaller parts for ease of use. On-line help shall be available to assist the EBB users along with a search function allowing users to locate all information concerning a specific transaction, and menus that permit users to separately access notices of available capacity and standards of conduct information. Notwithstanding Section 20.8, Transporter shall retain its affiliate waiver log for five years from the date of posting.

20.10 Transporter's currently effective Tariff, as revised from time to time, shall be posted on the EBB. Therefore, Transporter shall provide paper copies of the effective Tariff to Shippers and interested state commissions only when specifically requested.

20.11 Shippers desiring to exchange information using Transporter's designated Internet site must first enter into the appropriate trading partner agreement with Transporter.
21. AFFILIATE-RELATED INFORMATION

Transporter is an interstate Natural Gas pipeline company that transports Natural Gas for others pursuant to Subparts B and G of Part 284 and may be affiliated with corporations which may have marketing function employees as defined in Section 358 of the Commission's Regulations. This section provides the information and procedures required by 18 C.F.R. Section 250.16(b) and (c).

21.1 Shared facilities between Transporter’s transmission function employees and the marketing function employees of Transporter’s affiliate(s), if any, are posted on Transporter’s EBB.
22. ADVERSE CLAIMS TO NATURAL GAS

Notwithstanding Section 25.2 herein, Shipper agrees to indemnify and hold harmless Transporter, its officers, agents, employees and contractors against any liability, loss or damage whatsoever, including litigation expenses, court costs and attorneys' fees, suffered by Transporter, its officers, agents, employees or contractors, where such liability, loss or damage arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity, public or private, asserting ownership of or an interest in the Natural Gas tendered for transportation or the proceeds resulting from any sale of that Natural Gas or any cash out of imbalances. The receipt and delivery of Natural Gas by Transporter under the TSA shall not be construed to affect or change title to the Natural Gas.
23. Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, which are required by the Commission in 18 CFR Section 284.12(a) as indicated below. Standards without accompanying identification or notations 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, Transporter 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 Transporter includes appropriate citations in the submission.

Transporter has elected to reproduce only the following Business Practices and Electronic Communication standards, NAESB WGQ Version 3.1, that are protected by NAESB’s copyright. With respect to each reproduced standard (including any minor corrections), Transporter incorporates the following: © 1996 - 2017 North American Energy Standards Board, Inc., all rights reserved.

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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, 4.3.56, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.70, 4.3.71, 4.3.72, 4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.77, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106

Capacity Release Standards:

Definition:
5.2.3

Standards:
5.3.3, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.15, 5.3.16, 5.3.17, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.26, 5.3.27, 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, 5.3.43, 5.3.44, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 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:

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

Standards:
10.3.1, 10.3.3, 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, 10.3.13, 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
### Standards for which Waiver or Extension of Time to Comply have been granted:

<table>
<thead>
<tr>
<th>NAESB Standard</th>
<th>Waiver, Extension of Time or Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3.2</td>
<td>GT&amp;C Section 6.1 contains an extension of the nomination cycle deadlines. See letter order dated April 4, 2013 in Docket No. RP13-674-000. On March 29, 2016 in Docket No. RP16-515-000 the Commission accepted Transporter’s application of this extension to the Intraday 3 Nomination Cycle. See 154 FERC ¶ 61,250 (2016).</td>
</tr>
</tbody>
</table>
24. TAXES

All production (including ad valorem-type production taxes), transportation, gathering, delivery, sales, severance, environmental (except as provided for in GT&C Section 29), excise or any other taxes or assessments of any kind upon the Natural Gas (including its emission or combustion) transported by Transporter, which are now or hereafter in existence or authorized for collection by any federal, state, local or other governmental agency or duly constituted authority, either directly or indirectly, shall be the sole responsibility of the Shipper which holds title to such Natural Gas and shall be paid or caused to be paid by such Shipper. Transporter will notify Shipper(s) if it becomes aware of a potential new tax assessment and will discuss with Shipper(s) ways to address such change. If Transporter is required to pay or to collect any taxes or assessments of any kind based upon throughput or other volumetric measurement, Shippers shall, in addition to all other transportation charges or surcharges, reimburse Transporter for such taxes or assessments pro rata, based upon their respective shares of the throughput using the form of such tax (whether it is stated on a volumetric or thermal basis), unless Transporter, in its sole discretion, elects to include such amounts in its base rates.
25. INDEMNIFICATION/LIABILITY

25.1 Neither Transporter nor Shipper shall be liable to the other party for special, indirect, consequential (including loss of profits), incidental or punitive damages except to the extent such damages arise out of such party’s gross negligence, willful misconduct, or bad faith actions.

25.2 Each party to the TSA shall bear responsibility for its own acts, errors or omissions connected in any way with the executed TSA causing damages or injuries of any kind to any third party, unless otherwise expressly agreed in writing between the parties in a not unduly discriminatory manner. Therefore, the offending party shall hold harmless and indemnify the non-offending party against any claim, liability, loss, or damage whatsoever suffered by any third party as a result of such offense. As used herein: the term "third party" shall mean a corporation or partnership entity or individual and its officers, agents, employees and contractors other than Transporter or Shipper or their respective officers, agents, employees, contractors, predecessors, successors, assigns, parents, subsidiaries, or affiliates; and, the phrase "damages or injuries of any kind" shall include litigation expenses, court costs, and attorneys' fees.
26. COMPLAINT PROCEDURES

If an existing or potential Shipper has a complaint relating to any request for transportation service or any on-going transportation service, Shipper should complete the attached complaint form and should be mailed by registered or certified mail, or delivered by hand to any of the contacts listed in the “Points of Contact” section.

Transporter shall notify Shipper within 48 Hours that the complaint has been received. Each complaint will be noted on the transportation service complaint log. Each complaint shall be investigated, and Transporter shall inform Shipper in writing within 30 Days of receipt of the complaint of the action, if any, taken in response to Shipper's complaint. Transporter shall maintain a separate file for all Shipper complaints and Transporter's responses.

SHIPPER COMPLAINT FORM

Name of Shipper:
______________________________________________________

Identification of contract under question:
______________________________________________________

Designation of time period involved:
______________________________________________________

Nature of complaint:
______________________________________________________
______________________________________________________
______________________________________________________

Signature ____________________________________________

Title _______________________________________________
27. **INCIDENTAL PURCHASES AND SALES**

27.1 Transporter may purchase or sell operational Gas to the extent necessary to maintain system pressure, fuel quantities and line pack. Transporter shall include information regarding purchases and sales in its EPC filings pursuant to Section 28 of the GT&C.

27.2 Transporter will make operational sales by either posting notice of such operational gas sales on its EBB (in accordance with the applicable bidding provisions contained in Section 4.3 and Section 9 of the General Terms and Conditions of this Tariff); or by posting for bid operational gas quantities on the IntercontinentalExchange or another independent trading platform, exchange, or clearing house.
28. ELECTRIC POWER COSTS

28.1 The Electric Power Costs are (i) electricity costs related to the operation of Transporter's compressor stations, including but not limited to, electric provider’s tariff-based connection fees and demand and usage charges related to the electricity required to operate Transporter’s compressor stations, and (ii) any costs incurred by Transporter arising from any greenhouse gas emissions mitigation costs, including, but not limited to, any costs incurred with respect to any Renewable Energy Credits, Greenhouse Gas Allowances, Offsets or any other greenhouse gas reduction related policy mechanism as provided in Section 29.2 of the GT&C. EPC shall be paid by Shippers on a pro rata basis based on the quantity of Gas delivered by Transporter to Shippers.

28.2 The EPC charge shall be stated on the Statement of Rates in Transporter's Tariff and shall apply to those Rate Schedules requiring assessment of EPC.

The EPC charge shall not be required in the following circumstances:

(a) Transportation service is provided via Backhaul; or

(b) Transportation service is provided in the no-fuel zone which is located upstream of Transporter’s Roberson Creek compressor station.

28.3 Should the calculation of the EPC result in a negative charge, such charge will be used to offset future EPC charges or credited to Shippers by invoice credit.

28.4 The initial EPC charge shall be as accepted by the Commission in Docket No. CP09-54. The first EPC adjustment filing shall be made no later than six Months after the in-service date of Transporter's System. Thereafter, the EPC adjustment filing shall be made at least every three Months in conjunction with the FL&U adjustment filings described in Section 13 of the GT&C. The proposed EPC charge shall become effective on the proposed date after appropriate FERC review and notice.

(a) For Transporter’s first EPC adjustment filing, the data collection period shall be the period between the in-service date and two Months before the filing date. For each EPC filing thereafter, the data collection period shall be the three Month period ending two calendar Months before the filing date of the EPC adjustment filing.
28.5 Derivation of EPC Amount

(a) The EPC amount shall be derived by dividing: (i) the sum of the Projected EPC Requirement and the EPC Requirement Adjustment (numerator), by (ii) the projected delivery quantities related to the anticipated transportation service for all Shippers during the upcoming period (denominator).

(i) The Projected EPC Requirement shall be the total electric costs projected by Transporter to be required to support the anticipated transportation service for all Shippers under all applicable Rate Schedules during the upcoming period.

(ii) The EPC Requirement Adjustment shall be the amount in dollars which is the difference between: (i) the actual amount of EPC in dollars experienced by Transporter during the data collection period; and (ii) the amount in dollars retained by Transporter from the EPC Charge during the data collection period.
29. GREENHOUSE GAS COSTS

29.1 Reserved

29.2 Shippers shall pay for Transporter’s costs incurred on a voluntary basis with respect to the acquisition or production of any Renewable Energy Credits, Greenhouse Gas Allowances or Offsets related to Transporter’s operations. All such costs, including fees charged by third-parties for the purchase or sale of Greenhouse Gas Allowances, Renewable Energy Credits or Offsets or options with respect to Greenhouse Gas Allowances, Renewable Energy Credits or Offsets as provided herein, shall be added to and included in the EPC; however, voluntary costs recoverable from Shippers hereunder shall be limited to only those costs described in Section 29.2(b) of the GT&C below.

(a) For costs for Renewable Energy Credits, Greenhouse Gas Allowances, or Offsets incurred by Transporter on a voluntary basis to reduce or offset its carbon emissions from system operations, Transporter agrees to pass incurred costs through to the EPC not to exceed $12.5 million per year (“Annual Limit”) for reimbursement by Shippers. Shippers will not oppose the recovery of these amounts through the EPC, except as provided for in Section 29.3 of the GT&C below. If such costs exceed the Annual Limit, Transporter agrees to negotiate with Shippers and submit a mutually agreeable tariff revision to address any costs above that limit. If mutual agreement is not reached, Transporter will not be precluded from proposing a revised tariff provision permitting the recovery of the excess amounts, but Shippers may oppose such a tariff filing.

(b) Transporter may only include Renewable Energy Credits, Greenhouse Gas Allowances, and Offsets in the EPC. If another greenhouse gas reduction related policy mechanism is adopted in the future, Transporter will discuss the new mechanism with Shippers and will submit a mutually agreeable tariff revision to include the new mechanism in the list of items that Transporter may purchase on a voluntary basis and include in the EPC. If mutual agreement on the new mechanism is not reached, Transporter will not be precluded from proposing a revised tariff provision to include the new mechanism, but Shippers may oppose such a tariff filing.
29.2 (continued)

(c) The Annual Limit does not apply to any mandatory form of greenhouse gas emissions compliance costs that Transporter is required to incur in the future and which the Commission allows Transporter to pass on to Shippers in the future. However, if a mandatory compliance program is implemented that does not result in Transporter (i) achieving carbon neutrality, and (ii) incurring costs in excess of the Annual Limit, Transporter may elect to incur additional costs on a voluntary basis to further reduce or offset its greenhouse gas emissions from system operations. Transporter agrees to pass through in the EPC no more than the Annual Limit of combined mandatory costs (if authorized by the Commission) and voluntary costs, with the mandatory costs accounted first; provided however, if the combined mandatory and voluntary costs exceed the Annual Limit, Transporter agrees to negotiate with Shippers and submit a mutually agreeable tariff revision to address any costs above that limit. If mutual agreement is not reached, Transporter will not be precluded from proposing a revised tariff provision permitting the recovery of the excess amounts, but Shippers may oppose such a tariff filing.

(d) Transporter will not acquire Renewable Energy Credits, Greenhouse Gas Allowances, or Offsets from an affiliated entity if total annual costs are below the Annual Limit. However, if total annual costs would otherwise exceed the Annual Limit, Transporter may acquire credits/offsets from an affiliated entity.

(e) To the extent Transporter derives any revenue through the trading of Renewable Energy Credits, Greenhouse Gas Allowances, or application of Offsets that reduces the costs of compliance with greenhouse gas emissions regulations, such revenue shall be netted against the costs that are charged to Shippers through the EPC.

29.3 Shippers shall have the right to review the costs in Transporter’s periodic EPC filings described in Section 28. Shippers may challenge the costs incurred by Transporter with respect to: 1) whether the costs were prudently incurred and 2) whether the amounts are properly calculated. However, Shippers may not challenge whether the voluntary purchase of the following categories of costs may be included in the EPC: Renewable Energy Credits, Greenhouse Gas Allowances, or Offsets. Shippers may challenge the selection between Renewable Energy Credits, Greenhouse Gas Allowances or Offsets or whether the amounts paid by Transporter for these items were commercially reasonable, in light of the information and alternatives that were available to Transporter at the time of the purchases.
30. PEAK/OFF-PEAK RATES

30.1 Peak/Off-Peak Rates. Peak and off-peak recourse rates as shown on the Statement of Rates shall apply to Short-Term Firm and interruptible service under Rate Schedules FT and IT.

Designation of Peak and Off-Peak Months:

(a) Transporter shall designate up to four contiguous or noncontiguous Months as peak Months during a twelve Month period, starting April 1 and ending March 31 of the next year. From pipeline in-service through March 31 of the next year, Transporter will not designate any peak Months. Annually thereafter, by March 1 of each year, Transporter shall designate up to four Months as peak Months. Transporter will post the Months designated as peak Months for the upcoming twelve Month period on the EBB under “Informational Postings” by March 1.

(b) The Months designated as peak Months for the current twelve Month period will be posted on Transporter’s EBB under “Informational Postings.”

(c) Months in the twelve Month period not designated as peak Months will be considered off-peak Months.
31. MISCELLANEOUS SURCHARGES

(Reserved)
FORMS OF SERVICE AGREEMENTS

Preliminary Statement

Pursuant to Transporter's "Tariff Implementation & Compliance" filing submitted in Docket No. RP11-2196 and in compliance with the electronic tariff requirements of Docket No. RM01-5, the pro forma service agreements contained in this Tariff are modified to reflect revised GT&C section references. (See below for the new section references.) As such, the currently executed TSAs shall remain in effect and shall not be rendered non-conforming due to these modified references.

<table>
<thead>
<tr>
<th>Former Section Reference</th>
<th>Current Section Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 31</td>
<td>Section 4.13</td>
</tr>
<tr>
<td>Section 28</td>
<td>Section 29</td>
</tr>
<tr>
<td>Section 17</td>
<td>Section 24</td>
</tr>
</tbody>
</table>
FORMS OF SERVICE AGREEMENTS

Section 1  Rate Schedule FT
Section 2  Rate Schedule IT
Section 3  Rate Schedule PAL
Section 4  Rate Schedule SS-1
Section 5  Rate Schedule HSP
FORM OF TRANSPORTATION SERVICE AGREEMENT 
APPLICABLE TO RATE SCHEDULE FT 

Agreement No.______________ 

FIRM TRANSPORTATION SERVICE AGREEMENT 

RATE SCHEDULE FT 

between 

RUBY PIPELINE, L.L.C. 

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 Service Agreement.)
FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT

Agreement No. ____________

Transportation Service Agreement
Rate Schedule FT
Dated: ________

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: ______________________________

3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff Original 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 point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary 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 obligations under this Agreement are subject to:

(i) The receipt and acceptance by Transporter of a FERC certificate for the additional facilities, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion.

Issued on: January 29, 2015
Effective on: March 1, 2015
(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 Natural Gas for transportation service and
Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit
A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate
or to a negotiated rate pursuant to the rate provisions of Rate Schedule FT and Section 4.13 or
Section 4.14 of the GT&C. 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. Maximum Delivery Quantity ("MDQ"): _____ (Insert “Annual” or “Winter”, if applicable)

<table>
<thead>
<tr>
<th>MDQ</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>________</td>
<td>________</td>
</tr>
</tbody>
</table>

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.]

For capacity for the period between the months of ____ through _____ each year of the term
described above. (Use only when applicable, pursuant to Section 2.5 of Rate Schedule FT.)

11. Notices, Statements, and Bills:

To Shipper:
Invoices: ______________________

Attn: ______________________

All Notices: ______________________

Issued on: January 29, 2015

Effective on: March 1, 2015
To Transporter: See “Points of Contact” in the Tariff.

12. Effect on Prior Agreement(s): ________________________________

13. 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:  
RUBY PIPELINE, L.L.C.  
_______________________________  
_______________________________  
_______________________________  
_______________________________  
Accepted and agreed to this  
_____ day of ____________, ____.  

SHIPPER:  
_______________________________  
_______________________________  
_______________________________  
_______________________________  
Accepted and agreed to this  
_____ day of ____________, ____.  

Issued on: January 29, 2015  
Effective on: March 1, 2015
EXHIBIT A

to

FIRM TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C.

and

_______________________________
(Shipper)

Dated: __________

Shipper's Maximum Delivery Quantity ("MDQ"): See ¶____

The following data elements shall be described on this Exhibit A, if 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)
Primary path(s)
Effective Dates
Primary Receipt Point Quantity (Dth per Day) (2)
Primary Delivery Point Quantity (Dth per Day) (3)
Minimum Pressure p.s.i.g.
Maximum Pressure p.s.i.g.

Notes: [Insert as applicable]

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter.

(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.
(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)

and

_______________________________

(Shipper)

Dated: ______________

The following data elements shall be described on this Exhibit B, if applicable:

Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name)
Secondary 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)
Secondary Delivery Point(s) (including, among other things, Point Identification Number (PIN) and Point Identification Number Name)
Reservation Rate (1)
Commodity Rate (1)
Term of Rate
Fuel (2)
Surcharges (3)
Electric Power Cost (4)
Authorized Daily Overrun Rate (1)(5)

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 FT or other superseding Rate Schedules; as such rates may be changed from time to time. The reservation rate shall be payable regardless of quantities transported.

- and/or -
[Insert for discount rate(s), as necessary (e.g., (1a), (1b), etc.)]
As provided in GT&C Section 4.13 of Transporter’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 Transporter’s Tariff.

- and/or –

[Insert for negotiated rate(s), as necessary (e.g., (1a), (1b), etc.)]
As provided in GT&C Section 4.14 of Transporter’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 Percentages shall be as stated on Transporter’s Statement of Rates in the 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, as it may be changed from time to time, unless otherwise agreed to by the parties.

Greenhouse Gas Costs:
If any greenhouse gas costs are imposed pursuant to GT&C Section 29, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to GT&C Section 24.

ACA:
The ACA Surcharge shall be assessed pursuant to GT&C Section 17 of the Tariff.

(4) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(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 Daily 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

RUBY PIPELINE, L.L.C.

and

______________________________
(Shipper)

DATED: _______________________

(Placement of text on pages, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Service 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: RUBY PIPELINE, L.L.C.

2. Shipper: ______________________________

3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff Original 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 receipt point(s) and delivery point(s) shall be on an interruptible basis.

6. Receipt and Delivery Points: Systemwide

   All receipt and delivery point(s) included on Transporter's master list of receipt and delivery point(s) as posted on its EBB.

   For each receipt and delivery point, data posted shall include a description of the legal location, pressure information, the identity of the interconnected party and the measuring party, and such other data as Transporter may include from time to time. Transporter's master list of 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 Transporter.
7. Rates and Surcharges: As set forth in Exhibit A. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule IT and Section 4.13 of the GT&C. 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. Term of Interruptible Transportation 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.)

10. Notices, Statements, and Bills:

To Shipper:

Invoices: ______________________________
______________________________
______________________________
Attn: ______________________________

All Notices: ______________________________
______________________________
______________________________
Attn: ______________________________

To Transporter: See “Points of Contact” in the Tariff.

11. Effect on Prior Agreement(s):______________________________

12. 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:

RUBY PIPELINE, L.L.C.

________________________________

________________________________

________________________________

Accepted and agreed to this

_______ day of ______________, ____.

SHIPPER:

________________________________

________________________________

Accepted and agreed to this

_______ day of ______________, ____.
EXHIBIT A

to

INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE IT

between

RUBY PIPELINE, L.L.C.

and

__________________________
(Shipper)

Dated: __________

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

Commodity Rate (1)
Effective Dates (See ¶___)
Fuel (2)
Surcharges (3)
Electric Power Cost (4)

Notes: [Insert as applicable]

(1) Unless otherwise agreed by the Parties, the Commodity Rate for service shall be Transporter’s then-effective maximum rate 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. (1a), (1b), etc.)]
As provided in GT&C Section 4.13 of Transporter’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 Transporter’s Tariff

- and/or –

[Insert for negotiated rate(s), as necessary (e.g., (1a), (1b), etc.)]
As provided in GT&C Section 4.14 of Transporter’s Tariff, the parties agree to the following negotiated rate(s) ________________.
(2) FL&U Reimbursement Percentages shall be as stated on Transporter's Statement of Rates in the 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 it may be changed from time to time, unless otherwise agreed to by the parties.

Greenhouse Gas Costs:
If any greenhouse gas costs are imposed pursuant to GT&C Section 29, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to GT&C Section 24.

ACA:
The ACA Surcharge shall be assessed pursuant to GT&C Section 17 of the Tariff.

(4) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as it may be changed from time to time, unless otherwise agreed between the parties.
FORM OF INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE PAL

Agreement No. __________

INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT

RATE SCHEDULE PAL

between

RUBY PIPELINE, L.L.C.

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 Service Agreement.)
FORM OF INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE PAL

Agreement No. __________

Interruptible Parking and Lending Service Agreement
Dated: __________

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: ______________________________

3. Applicable Tariff and Incorporation by Reference: Transporter’s FERC Gas Tariff Original 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) ("PAL 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 and the associated PAL RO(s) 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 such changes in its rates and terms of service as it deems necessary, and this Agreement and the associated PAL 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 Shipper's request Transporter may, on any Day and on an interruptible basis,

   (a) hold (park) the quantity nominated to be parked for Shipper's account at the designated PAL Point(s) on the designated date(s) specified in Shipper's PAL RO upon approval from Transporter and withdraw of such quantity at the same point(s) on the designated date(s) in the PAL RO;

   (b) advance (loan) quantities of Natural Gas nominated by Shipper at the PAL Point(s) on the designated date(s) specified in Shipper's PAL RO and approved by Transporter. 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 PAL RO.

6. Rates and Surcharges: As set forth in the PAL RO.
7. Term of Parking and Lending 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.)

8. Effect on Prior Agreement(s): ________________________.

9. Contact Information:

To Shipper: ______________________________

____________________________

____________________________

Attn: ______________________________

To Transporter: See “Points of Contact” in the Tariff.

10. 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: 

____________________________ 

____________________________ 

____________________________ 

____________________________

Accepted and agreed to this 

______ day of ______________, ____.

SHIPPER: 

____________________________ 

____________________________ 

____________________________ 

____________________________

Accepted and agreed to this 

______ day of ______________, ____.
PAL SERVICE REQUEST ORDER ("PAL RO")
related to
INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT
RATE SCHEDULE PAL
between
RUBY PIPELINE, L.L.C.

and

________________________ (Shipper)

Dated: _______

1. PAL Agreement No:_________________ Type of Service: Park_______ Loan_______
2. Maximum PAL Quantity:___________(Dth)
3. PAL Point(s):___________________________________________________________

4. Schedule:

<table>
<thead>
<tr>
<th>Date(s) Service to be Provided (May Reflect a Range of Dates)</th>
<th>Daily PAL Quantity (Dth) (May Reflect a Range of Quantities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Through</td>
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<td></td>
</tr>
</tbody>
</table>

5. Park and Loan Rates: Unless otherwise agreed by the Parties in this PAL RO, the Park and Loan Rates for service shall be Transporter’s then effective maximum rates for service under Rate Schedule PAL or other superseding Rate Schedule, as such rates may be changed from time to time. Pursuant to this PAL RO or Rate Schedule PAL, a discounted rate or a negotiated rate may apply pursuant to an agreement of the parties to this PAL RO based on GT&C Section 4.13 or GT&C Section 4.14, respectively. Rates may vary based on quantity, time period, etc.
<table>
<thead>
<tr>
<th>From</th>
<th>Through</th>
<th>Rate Description</th>
<th>Rate</th>
</tr>
</thead>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Negotiated Rate: Yes ______ No ______

7. Notices, Statements, and Bills:

   To Shipper:
   Invoices:
   ____________________________
   ____________________________
   Attn: ________________________

   All Notices:
   ____________________________
   ____________________________
   ____________________________
   Attn: ________________________

   To Transporter: See “Points of Contact” in the Tariff.

IN WITNESS WHEREOF, the parties have executed this PAL RO. This PAL 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:          SHIPPER:

RUBY PIPELINE, L.L.C.

__________________________  _________________________
__________________________  _________________________
__________________________  _________________________

Accepted and agreed to this  Accepted and agreed to this
_______day of ____________, _____.  _______day of ____________, _____.

Issued on: January 29, 2015  Effective on: March 1, 2015
FORM OF INTERRUPTIBLE HOURLY SWING SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE SS-1

Agreement No. ____________

INTERRUPTIBLE HOURLY SWING SERVICE AGREEMENT

RATE SCHEDULE SS-1

between

RUBY PIPELINE, L.L.C.

and

__________________________
(Operator)

DATED: ____________________

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings, and found may vary from this Pro Forma to the Service Agreement.)
FORM OF INTERRUPTIBLE HOURLY SWING SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE SS-1

Agreement No. ____________

Interruptible Hourly Swing Service Agreement
Dated: ____________

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Operator: ______________________________

3. Applicable Tariff and Incorporation by Reference: Transporter’s FERC Gas Tariff Original 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 Operator’s right to protest the same.

5. Transportation Service: Transportation service which allows the Operator, on an hourly basis, to receive more or less than 1/24th of the scheduled quantities of Gas at designated point(s) of delivery and which is on an interruptible basis.

6. Qualified Points: As specified in Exhibit A.

7. Rates and Surcharges: As set forth in Exhibit A. Operator shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Operator may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule SS-1 and Section 4.13 of the GT&C. 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. Term of Interruptible Hourly Swing 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.)

Issued on: January 29, 2015
Effective on: March 1, 2015
9. Notices, Statements, and Bills:

    To Operator:
    Invoices: ______________________________
    ______________________________
    Attn: ______________________________

    All Notices: ______________________________
    ______________________________
    Attn: ______________________________

    To Transporter: See “Points of Contact” in the Tariff.

10. Effect on Prior Agreement(s): ______________________________.

11. Governing Law: Transporter and Operator 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: OPERATOR:
    RUBY PIPELINE, L.L.C. ______________________________
    ______________________________
    ______________________________
    Accepted and agreed to this
    ______ day of _____________, ____.
    Accepted and agreed to this
    ______ day of _____________, ____.
EXHIBIT A

to

INTERRUPTIBLE HOURLY SWING SERVICE AGREEMENT
RATE SCHEDULE SS-1

between

RUBY PIPELINE, L.L.C. (Transporter)
and

_______________________________ (Operator)

Dated: ______________

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

Commodity Rate (1)
Qualified Point(s)
Effective Dates (See ¶____)
Surcharges (2)

Notes:

(1) Unless otherwise agreed by the Parties, the Commodity Rate for service shall be Transporter’s then-effective maximum tariff rate for service under Rate Schedule SS-1, 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. (1a), (1b), etc.)]
As provided in GT&C Section 4.13 of Transporter’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 Transporter’s Tariff

- and/or –

[Insert for negotiated rate(s), as necessary (e.g., (1a), (1b), etc.)]
As provided in GT&C Section 4.14 of Transporter’s Tariff, the parties agree to the following negotiated rate(s) ______________.
(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. Such surcharges are in addition to any taxes or assessments Operator is required to pay pursuant to GT&C Section 24.
FORM OF HEADSTATION POOLING SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE HSP

Agreement No.________

HEADSTATION POOLING SERVICE AGREEMENT

RATE SCHEDULE HSP

between

RUBY PIPELINE, L.L.C.

and

__________________________
(Pooler)

DATED: ____________________

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings, and font may vary from this Pro Forma to the Service Agreement.)
FORM OF HEADSTATION POOLING SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE HSP

Headstation Pooling Agreement
Rate Schedule HSP
Dated: __________

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Pooler: ________________________________

3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff, Original 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 Pooler's right to protest the same.

5. Point(s) of Receipt and Delivery:

All receipt point(s) included on Transporter's master list of receipt point(s) related to Transporter's Pooling Areas and Pools as posted on Transporter's EBB. For each receipt point, data posted shall include a description of the legal location, pressure information, the identity of the interconnected party and the measuring party, and such other data as Transporter may include from time to time. Transporter's master list of receipt point(s) shall be updated from time to time in order to add or delete and/or modify data pertinent to receipt point(s), all as deemed appropriate by Transporter.

6. Rates and Surcharges: As set forth in Exhibit A.

7. Term of Headstation Pooling Service: ________________.

[Insert term of service including any (i) extension rights such as an evergreen or rollover provision, (ii) contractual rights of first refusal and/or (iii) related termination provisions, as applicable.]
8. Notices, Statements, and Bills:
   To Pooler:
   Invoices: ____________________________
   ____________________________
   ____________________________
   Attn: ____________________________

   All Notices: ____________________________
   ____________________________
   ____________________________
   Attn: ____________________________

   To Transporter: See "Points of Contact" in the Tariff.

9. Effect on Prior Agreement(s): ____________________________.

10. Governing Law: Transporter and Pooler 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: POOLER:

    RUBY PIPELINE, L.L.C. ____________________________
    ____________________________
    ____________________________
    ____________________________
    ____________________________

    Accepted and agreed to this _____day of ____________, ___.

    Accepted and agreed to this _____day of ____________, ___.
EXHIBIT A

to

HEADSTATION POOLING SERVICE AGREEMENT
RATE SCHEDULE HSP

between

RUBY PIPELINE, L.L.C.

and

_______________________________ (Pooler)

Dated:________________

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

Pooling Area(s) (1)
Pool(s) (2)

NOTES: (1) All receipt point(s) within the designated Pooling Area, as posted on Transporter's EBB, are eligible for service under this Service Agreement.

(2) Only quantities nominated from the related Pooling Area may be delivered and aggregated at the designated Pool. Pooler is responsible for designating the Downstream Shipper(s) receiving Gas at the Pool.
1. NOMINATION SCHEDULING TIMELINE  
All times are Central Clock Time (CCT)

<table>
<thead>
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<th>Time (CCT)</th>
<th>Day Ahead of Flow</th>
<th>Day of Flow</th>
</tr>
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<tbody>
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<tr>
<td>1:00 AM</td>
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<tr>
<td>9:00 AM</td>
<td>Timely and Evening Effective Flow Time</td>
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<tr>
<td>10:00 AM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10:15 AM</td>
<td>ID 1 Nominations leave control of SR</td>
<td></td>
</tr>
<tr>
<td>10:30 AM</td>
<td>ID 1 Nominations received by Transporter ID 1 Nomination quick response issued by Transporter to SR</td>
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<tr>
<td>11:00 AM</td>
<td>Noon</td>
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<tr>
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<tr>
<td>1:00 PM</td>
<td>ID 1 Scheduled quantity issued for SR and point operator by Transporter</td>
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<td>2:00 PM</td>
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<td>ID 2 Nominations Leave Control of SR</td>
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<tr>
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NON-CONFORMING AGREEMENTS

Pursuant to Transporter’s "Negotiated Rate Non-Conforming Agreements" filing submitted in Docket No. RP11-2213-000, the non-conforming service agreements listed below (See Sections 1 and 3 through 16) reflect the previous GT&C section references from the Pro Forma Tariff submitted in CP09-54. For ease of reference, the following section references are provided in recognition of the current Tariff format.

<table>
<thead>
<tr>
<th>Displayed Section Reference</th>
<th>Current Section Reference</th>
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<tbody>
<tr>
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<td>Section 4.13</td>
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<tr>
<td>Section 28</td>
<td>Section 29</td>
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<td>Section 20.1(b)</td>
<td>Section 8.1(b)(ii)</td>
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<tr>
<td>Section 18.1</td>
<td>Section 5.6(a)</td>
</tr>
<tr>
<td>Section 17</td>
<td>Section 24</td>
</tr>
</tbody>
</table>

Section 1     Anadarko Energy Services Company #61010000
Section 2     Ursa Piceance LLC #61001000
Section 3     Berry Petroleum Company #61007000
Section 4     Berry Petroleum Company #61008000
Section 5     Berry Petroleum Company #61016000
Section 6     Bill Barrett Corporation #61002000
Section 7     BP Energy Company #61006000
Section 8     El Paso Marketing, L.P. #61011000
Section 9     J. Aron & Company #61013000A
Section 10    Marathon Oil Company #61012000
Section 11    Occidental Energy Marketing, Inc. #61015000
Section 12    Pacific Gas and Electric Company #61009000
Section 13    Pacific Gas and Electric Company #61014000
Section 14    Pioneer Natural Resources USA, Inc. #61003000A
Section 15    Shell Energy North America (US), L.P. #61004000A
Section 16    Shell Energy North America (US), L.P. #61005000A
Section 17    Cascade Natural Gas Corporation #61036000A

Issued on: May 1, 2013          Effective on: June 1, 2013
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: December 21, 2009

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

1. **Transporter:** **RUBY PIPELINE, L.L.C.**

2. **Shipper:** **ANADARKO ENERGY SERVICES COMPANY**

3. **Applicable Tariff:** Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. **Primacy of Tariff and Incorporation by Reference:** This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. **Transportation Service:** Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. **Receipt and delivery points:** Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement:** Yes

9. **Term of Agreement:** This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 26 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated November 17, 2008.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>200,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>TOTAL 200,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Anadarko Energy Services Company
1099 18th Street
Denver, Colorado 80202
Attention: Vice President Gas Marketing

All Notices:
All Notices:
Anadarko Energy Services Company
1099 18th Street
Denver, Colorado 80202
Attention: Vice President Gas Marketing
Phone: 720-929-6337
Facsimile: 720-929-7337

To Transporter:


14. 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. In the event Transporter proposes changes to the rates and/or terms of service contained in this Agreement, from the effective date of this Agreement until the In-Service Date, such contractual modification(s) shall be evaluated under the “public interest standard” in accordance with United Gas Pipe Line Co. v. Mobile Gas Serv. Corp., 350 U.S. 332 (1956) and FPC v. Sierra Pacific Power Co., 350 U.S. 348 (1956), as such cases have been interpreted by the courts. In the event Transporter proposes changes to the rates and/or terms of service contained in this Agreement on or after the In-Service Date, such contractual modification(s) shall be evaluated under the “just and reasonable standard” in accordance with United Gas Pipeline Co. v. Memphis Light, Gas and Water Division, 358 U.S. 103 (1958), as such cases have been interpreted by the courts.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to
Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) In-Service Date. The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of
such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. **Greenhouse Gas Costs**: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. **“Most Favored Nation” Provision**: Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive
months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Treatment of Short-Term Firm and Interruptible Transportation Revenues. Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity.

25. Fuel Reduction Provision. In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the
comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

**Nonconforming Provisions:**

26. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

27. **Creditworthiness.** Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:

   (i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (ii) Shipper is not under review for possible downgrade by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

   (ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.
(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section: (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.

28. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement...
Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

29. Limitation of Liability. Neither Transporter nor Shipper shall be liable to the other party for special, indirect, consequential (including loss of profits), incidental or punitive damages except to the extent such damages arise out of such party’s gross negligence, willful misconduct, or bad faith actions.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

Signature: _________________________

Name: Thomas L. Price

Title: Vice President

Date: ______________________________

SHIPPER:

ANADARKO ENERGY SERVICES COMPANY

Signature: _________________________

Name: A. Scott Moore

Title: Vice President of Gas Marketing

Date: ______________________________

Issued on: June 24, 2011

Effective on: July 28, 2011
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
ANADARKO ENERGY SERVICES COMPANY (Shipper)

DATED: December 21, 2009

Shipper's Maximum Delivery Quantity ("MDQ"): See Section 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>See ¶ 9</td>
<td>200,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>200,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.

Issued on: June 24, 2011
Effective on: July 28, 2011
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
ANADARKO ENERGY SERVICES COMPANY (Shipper)

DATED: December 21, 2009

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>CGT at the Malin Hub Malin, OR</td>
<td>$26.9188</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$26.9188</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.
(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

**Most Favored Nation Rate Table**

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
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<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
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<td>$0.885</td>
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<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
The parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: **RUBY PIPELINE, L.L.C.**

2. Shipper: **URSA PICEANCE LLC**

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 4.13 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: Beginning: June 1, 2013
   Extending through: July 31, 2021

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 21 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.
11. **Effect on Prior Agreement(s):**

When this Agreement becomes effective, it shall amend and restate the following agreement(s) between the parties: The Firm Transportation Service Agreement between Transporter and Shipper (formerly Antero Resources Piceance Corporation) dated December 11, 2009, referred to as Transporter’s Contract No. 61001000 as per assignment to Ursa Piceance LLC effective March 1, 2013.

12. **Maximum Delivery Quantity ("MDQ")**

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,000</td>
<td>06/01/13 – 07/31/21</td>
</tr>
<tr>
<td>TOTAL 25,000</td>
<td></td>
</tr>
</tbody>
</table>

13. **Notices, Statements, and Bills:**

**To Shipper:**
- Invoices for Transportation:
  - Ursa Piceance LLC
  - 602 Sawyer, Suite 710
  - Houston, Texas 77007
  - Attention: Nader Daylami

**All Notices:**
- All Notices:
  - Ursa Piceance LLC
  - 602 Sawyer, Suite 710
  - Houston, Texas 77007
  - Attention: Nader Daylami

**To Transporter:**
- See “Points of Contact” in the Tariff.

14. **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.

15. **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.
Negotiated Rate Provisions:

16. Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges: In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

17. Recovery for Carbon Tax and Greenhouse Gas Costs: Shipper agrees to pay for any costs incurred by Transporter in connection with greenhouse gas costs in the manner set forth below. Transporter agrees that it will seek to recover the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter and/or the cost of any greenhouse gas mitigation efforts that are incurred by Transporter to eliminate or offset its carbon emissions through a FERC approved surcharge. Transporter may make multiple tariff filings to separately permit the recovery of costs incurred under a voluntary program of greenhouse gas mitigation and under a mandatory program. Shipper agrees to support such proposals provided the proposals do not vary substantially from the version set forth in Section 28 of the proposed tariff submitted by Transporter with the Certificate Application (as modified in the version submitted with the Request for Rehearing and/or Clarification filed by Transporter on October 5, 2009). If Transporter is unsuccessful in passing these costs through to Shipper via a surcharge imposed on all shippers, and (i) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (ii) the amount recovered through the recourse rates do not provide Transporter with full recovery of greenhouse gas costs, then Shipper’s negotiated rate shall be modified to include Shipper’s ratable share of such unrecovered amounts (provided Transporter ratably recovers the greenhouse gas costs allocable to all other negotiated rate shippers, calculated in the same manner) and Shipper shall not oppose such modification.
18. **“Most Favored Nation” Provision.** Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

19. **Treatment of Short-Term Firm and Interruptible Transportation Revenues.** Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity.
20. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

**Nonconforming Provisions:**

21. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 18 above, in which case the rate for the extension period shall be Shipper’s initial rate.

22. **Creditworthiness.** Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:

   (i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor’s Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (ii) Shipper is not under review for possible downgrade by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or
(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper’s tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section; (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.
IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:  

RUBY PIPELINE, L.L.C.  
Signature: _________________________  
Will W. Brown  
Director of Marketing  
Date: ______________________________

SHIPPER:  

URSA PICEANCE LLC  
__________________________________  
__________________________________  
__________________________________  
Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
URSA PICEANCE LLC (Shipper)

DATED: June 1, 2013

Shipper's Maximum Delivery Quantity ("MDQ"): See ¶ 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>See ¶ 9</td>
<td>25,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>25,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>
Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 8.1 (b) of the General Terms and Conditions of Transporter’s FERC Gas Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.

(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 5.6 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
URSA PICEANCE LLC (Shipper)

DATED: June 1, 2013

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>CGT at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 16</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 16</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 29, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 24 of the GT&C.
(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

**Most Favored Nation Rate Table**

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
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</tr>
<tr>
<td>16 and less than 17</td>
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<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
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<td>19 and less than 20</td>
<td>$0.824</td>
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<td>21 and less than 22</td>
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</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: April 26, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: BERRY PETROLEUM COMPANY

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service (“In-Service Date”) and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 26 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 17, 2008, Agreement No. Ruby #8 (“TPA”). In the event the FERC at any time rejects, modifies or conditions the creditworthiness provisions set forth in Section 27 of this Agreement, for any reason, in a manner that negatively modifies or impacts the credit support provided by any shipper that has executed, or executes, a firm transportation service agreement prior to the in-service date of the Ruby Pipeline (including without limitation reductions in the amount of credit support, the quality of credit support or the circumstances under which such credit support must be provided), then the parties shall, within fourteen (14) days of receipt of such notice from FERC, enter into a further revised lawful firm transportation service agreement (the “Alternative Arrangement”) which (i) deletes the creditworthiness provisions set forth in Section 27 of this Agreement in their entirety, and (ii) incorporates provisions that, solely with respect to creditworthiness, set forth the contractual rights, conditions and arrangements of the parties that existed immediately prior to execution of this Agreement and which are embodied in Section 10 of the TPA. For the avoidance of doubt, the Alternative Arrangement shall not create any contractual rights, conditions, or arrangements with respect to either party that did not exist immediately prior to the execution of this Agreement. Ruby shall file the Alternative Arrangement for acceptance by FERC within seven (7) days of execution.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>TOTAL 12,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, Colorado 80202
Gas Marketing Department

All Notices:
All Notices:
Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, Colorado 80202
Gas Marketing Department

To Transporter:


14. 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.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.
18. Shipper’s obligations under this Agreement are subject to the following:

   (i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

   (ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any
subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. Recovery for Carbon Tax and Greenhouse Gas Costs: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.
23. “Most Favored Nation” Provision. Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Treatment of Short-Term Firm and Interruptible Transportation Revenues. Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity.

25. Fuel Reduction Provision. In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are
calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

Nonconforming Provisions:

26. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

27. **Creditworthiness.** Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

   (A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody’s or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets)). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

   If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section
27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

(B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness standards set forth in Section 27(A); or (b) an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the
Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.

(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody’s, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C) Shipper under this Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.
If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

(D) If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.

If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.

If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting...
requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

28. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement, and further provided that Transporter is financially indifferent to the assignment. For purposes of this section, Transporter shall be deemed to be financially indifferent to an assignment to a third party satisfying the requirements of Section 27(A) of this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.
After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER:

BERRY PETROLEUM COMPANY

________________________
Michael Duginski
Executive Vice President & Chief Operating Officer

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BERRY PETROLEUM COMPANY (Shipper)

DATED: April 26, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
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<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY (TPZ)</td>
<td>See ¶ 9</td>
<td>12,000</td>
<td>720</td>
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<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
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<tbody>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR (OXH)</td>
<td>See ¶ 9</td>
<td>12,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
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</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BERRY PETROLEUM COMPANY (Shipper)

DATED: April 26, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
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<td>Questar Overthrust Pipeline Company at Opal (TPZ)</td>
<td>California Gas Transmission at the Malin Hub Malin, OR (OXH)</td>
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<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
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<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
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<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:
(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.
(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

### Most Favored Nation Rate Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: April 26, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: BERRY PETROLEUM COMPANY

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the second anniversary of the first day of the month following the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the In-Service Date. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the second anniversary of the first day of the month following the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 26 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement.

Issued on: June 24, 2011
Effective on: July 28, 2011
(relating to Partial Month Service) shall apply to the reservation charge payment obligations of Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 17, 2008, Agreement No. Ruby #7 (“TPA”). In the event the FERC at any time rejects, modifies or conditions the creditworthiness provisions set forth in Section 27 of this Agreement, for any reason, in a manner that negatively modifies or impacts the credit support provided by any shipper that has executed, or executes, a firm transportation service agreement prior to the in-service date of the Ruby Pipeline (including without limitation reductions in the amount of credit support, the quality of credit support or the circumstances under which such credit support must be provided), then the parties shall, within fourteen (14) days of receipt of such notice from FERC, enter into a further revised lawful firm transportation service agreement (the “Alternative Arrangement”) which (i) deletes the creditworthiness provisions set forth in Section 27 of this Agreement in their entirety, and (ii) incorporates provisions that, solely with respect to creditworthiness, set forth the contractual rights, conditions and arrangements of the parties that existed immediately prior to execution of this Agreement and which are embodied in Section 10 of the TPA. For the avoidance of doubt, the Alternative Arrangement shall not create any contractual rights, conditions, or arrangements with respect to either party that did not exist immediately prior to the execution of this Agreement. Ruby shall file the Alternative Arrangement for acceptance by FERC within seven (7) days of execution.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,857</td>
<td>The second anniversary of the first day of the month following the In-Service Date</td>
</tr>
<tr>
<td>TOTAL 12,857</td>
<td></td>
</tr>
</tbody>
</table>

Issued on: June 24, 2011 Effective on: July 28, 2011
13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, Colorado 80202
Gas Marketing Department

All Notices:
All Notices:
Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, Colorado 80202
Gas Marketing Department

To Transporter:


14. 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.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

Construction Conditions:

17. Transporter's obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority...
to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

   (i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

   (ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under...
this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges: In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. Recovery for Carbon Tax and Greenhouse Gas Costs: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs incurred by it in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline,
and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. “Most Favored Nation” Provision. Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Treatment of Short-Term Firm and Interruptible Transportation Revenues. Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not
oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity.

25. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

**Nonconforming Provisions:**

26. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

27. **Creditworthiness.** Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

   (A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody's or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this
Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets)). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section 27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

(B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness standards set forth in Section 27(A); or (b) an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to
bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.

(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody’s, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C) Shipper under this Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and
maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.

If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

(D) If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.

If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.

If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement.
and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

28. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement, and further provided that Transporter is financially indifferent to the assignment. For purposes of this section, Transporter shall be deemed to be financially indifferent to an assignment to a third party satisfying the requirements of Section 27(A) of this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s
capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

____________________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER:

BERRY PETROLEUM COMPANY

______________________________
Michael Duginski
Executive Vice President & Chief Operating Officer

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

Ruby Pipeline, L.L.C. (Transporter)

and

Berry Petroleum Company (Shipper)

DATED: April 26, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Section 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY (TPZ)</td>
<td>See ¶ 9</td>
<td>12,857</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR (OXH)</td>
<td>See ¶ 9</td>
<td>12,857</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BERRY PETROLEUM COMPANY (Shipper)

DATED: April 26, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal (TPZ)</td>
<td>California Gas Transmission at the Malin Hub Malin, OR (OXH)</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

1. FL&U shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

2. Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.
(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

### Most Favored Nation Rate Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: April 26, 2010

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

1. Transpoter: **RUBY PIPELINE, L.L.C.**

2. Shipper: **BERRY PETROLEUM COMPANY**

3. Applicable Tariff: Transpoter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: **Yes**

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper's right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 26 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 17, 2008, Agreement No. Ruby #8 (“TPA”). In the event the FERC at any time rejects, modifies or conditions the creditworthiness provisions set forth in Section 27 of this Agreement, for any reason, in a manner that negatively modifies or impacts the credit support provided by any shipper that has executed, or executes, a firm transportation service agreement prior to the in-service date of the Ruby Pipeline (including without limitation reductions in the amount of credit support, the quality of credit support or the circumstances under which such credit support must be provided), then the parties shall, within fourteen (14) days of receipt of such notice from FERC, enter into a further revised lawful firm transportation service agreement (the “Alternative Arrangement”) which (i) deletes the creditworthiness provisions set forth in Section 27 of this Agreement in their entirety, and (ii) incorporates provisions that, solely with respect to creditworthiness, set forth the contractual rights, conditions and arrangements of the parties that existed immediately prior to execution of this Agreement and which are embodied in Section 10 of the TPA. For the avoidance of doubt, the Alternative Arrangement shall not create any contractual rights, conditions, or arrangements with respect to either party that did not exist immediately prior to the execution of this Agreement. Ruby shall file the Alternative Arrangement for acceptance by FERC within seven (7) days of execution.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>TOTAL 13,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Berry Petroleum Company
1999 Broadway, Suite 3700
Denver, Colorado 80202
Gas Marketing Department

All Notices:

All Notices:
To Transporter:


14. 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.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.
18. Shipper’s obligations under this Agreement are subject to the following:

   (i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

   (ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any
subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. Recovery for Carbon Tax and Greenhouse Gas Costs: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.
23. **“Most Favored Nation” Provision.** Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. **Treatment of Short-Term Firm and Interruptible Transportation Revenues.** Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity.

25. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are
calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

Nonconforming Provisions:

26. Renewal Provisions. Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

27. Creditworthiness. Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

(A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody's or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets)). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section
27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

(B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness standards set forth in Section 27(A); or (b) an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the
Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.

(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody's, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C) Shipper under this Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.
If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

(D) If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.

If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.

If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting
requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

28. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement, and further provided that Transporter is financially indifferent to the assignment. For purposes of this section, Transporter shall be deemed to be financially indifferent to an assignment to a third party satisfying the requirements of Section 27(A) of this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.
After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER: RUBY PIPELINE, L.L.C.

____________________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER: BERRY PETROLEUM COMPANY

__________________________________
Michael Duginski
Executive Vice President & Chief Operating Officer

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and

BERRY PETROLEUM COMPANY (Shipper)

DATED: April 26, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY (TPZ)</td>
<td>See ¶ 9</td>
<td>13,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR (OXH)</td>
<td>See ¶ 9</td>
<td>13,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BERRY PETROLEUM COMPANY (Shipper)

DATED: April 26, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal (TPZ)</td>
<td>California Gas Transmission at the Malin Hub Malin, OR (OXH)</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

1. FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

2. Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

3. EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
(4) See the attached “Most Favored Nation” Rate Adjustment Table

**Most Favored Nation Rate Table**

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT  
APPLICABLE TO RATE SCHEDULE FT  
DATED: March 11, 2010

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

1. **Transporter:** RUBY PIPELINE, L.L.C.

2. **Shipper:** BILL BARRETT CORPORATION

3. **Applicable Tariff:** Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. **Primacy of Tariff and Incorporation by Reference:** This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. **Transportation Service:** Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. **Receipt and delivery points:** Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement:** Yes

9. **Term of Agreement:** This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 26 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 19, 2008, Agreement No. Ruby #14 (“TPA”).

12. Maximum Delivery Quantity (“MDQ”)

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>Total: 50,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Bill Barrett Corporation
1099 18th Street Suite #2300
Denver, CO 80202
Attn: Gas Marketing Manager
FAX: (303) 296-4919

All Notices:
Bill Barrett Corporation
1099 18th Street Suite #2300
Denver, CO 80202
Attn: Gas Marketing Manager
FAX: (303) 296-4919

To Transporter:


14. 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.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, which initial certificate filing shall, for purposes of this Agreement, include any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) Commencement of Construction. The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, ("Commencement of Construction Date").

(ii) In-Service Date. The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the
amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.
22. **Recovery for Carbon Tax and Greenhouse Gas Costs**: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. **“Most Favored Nation” Provision**: Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity

Issued on: June 24, 2011

Effective on: July 28, 2011
commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision, the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. **Treatment of Short-Term Firm and Interruptible Transportation Revenues.** Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long-term capacity.

25. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.
Nonconforming Provisions:

26. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

27. **Creditworthiness.** Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

   (A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody's or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

   If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section 27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

   (B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness standards set forth in Section 27(A); or (b) an irrevocable
letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.
(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody's, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C) Shipper under this Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.

If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

(D) If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.
If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.

If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.
(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

28. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date, any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release, Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.
IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER: RUBY PIPELINE, L.L.C.

Signature: _________________________
Thomas L. Price
Vice President

Date: __________________________

SHIPPER: BILL BARRETT CORPORATION

___________________________________
Fred Barrett
Chairman
Chief Executive Officer

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter) and
BILL BARRETT CORPORATION (Shipper)

DATED: March 11, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

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<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
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<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
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<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
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Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BILL BARRETT CORPORATION (Shipper)

DATED: March 11, 2010

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<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
(4) See the attached “Most Favored Nation” Rate Adjustment Table

Most Favored Nation Rate Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: December 11, 2009

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: BP ENERGY COMPANY

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 25 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 25 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 20, 2008.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>95,000</td>
<td>See Exhibit A</td>
</tr>
<tr>
<td>Total: 95,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:
Invoices for Transportation:
BP Energy Company
501 Westlake Park Blvd.
Houston, TX 77079
Attn: Invoice Recipient

All Notices:
All Notices:
BP Energy Company
501 Westlake Park Blvd.
Houston, TX 77079
Attn: Contract Administrator

To Transporter:


14. 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.
15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any initial notification, tariff filing, application or certificate filing made to the FERC, including any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement; provided, however, that Shipper shall not be precluded from advocating the issues raised in its protest filed with the FERC on March 2, 2009, in Docket No. CP09-54-000.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

Transporter shall use commercially reasonable efforts to keep Shipper informed regarding regulatory matters and other permitting/approval matters that are determined to materially affect Transporter’s ability to have the Ruby Pipeline ready for service by March 31, 2011.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall
be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the
reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. **Recovery for Carbon Tax and Greenhouse Gas Costs**: Shipper agrees to pay for any costs incurred by Transporter in connection with greenhouse gas costs in the manner set forth below. Transporter agrees that it will seek to recover the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter and/or the cost of any greenhouse gas mitigation efforts that are incurred by Transporter to eliminate or offset its carbon emissions through a FERC approved surcharge. Transporter may make multiple tariff filings to separately permit the recovery of costs incurred under a voluntary program of greenhouse gas mitigation and under a mandatory program. Shipper agrees to support such proposals provided the proposals do not vary substantially from the version set forth in Section 28 of the proposed tariff submitted by Transporter with the Certificate Application (as modified in the version submitted with the Request for Rehearing and/or Clarification filed by Transporter on October 5, 2009). If Transporter is unsuccessful in passing these costs through to Shipper via a surcharge imposed on all shippers, and (i) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (ii) the amount recovered through the recourse rates do not provide Transporter with full recovery of greenhouse gas costs, then Shipper’s negotiated rate shall be modified to include Shipper’s ratable share of such unrecovered amounts (provided Transporter ratably recovers the greenhouse gas costs allocable to all other negotiated rate shippers, calculated in the same manner) and Shipper shall not oppose such modification.

23. **“Most Favored Nation” Provision**. Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper.
Shipper's Most Favored Nation rate protections shall continue throughout the initial term and for Shipper's initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Fuel Reduction Provision. In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

Nonconforming Provisions:

25. Renewal Provisions. Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

26. Creditworthiness. Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:

(i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (ii) Shipper is not under review for possible downgrade below the aforementioned ratings by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible
net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section: (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.

27. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of
Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

28. Efforts Regarding Approvals. Transporter agrees to work in good faith and exercise reasonably diligent efforts to: (i) obtain from all governmental and regulatory authorities having jurisdiction over the Ruby Pipeline (including but not limited to the FERC) the authorizations and/or exemptions Transporter determines are necessary for the construction and operation of the Ruby Pipeline and approval of Shipper’s negotiated rate and this Agreement; (ii) complete the construction of and have the Ruby Pipeline ready for service by no later than March 31, 2011; and (iii) provide Shipper, as conditioned herein, with firm transportation as set forth herein.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER: RUBY PIPELINE, L.L.C.

Signature: _________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER: BP ENERGY COMPANY

Signature: _________________________
Kim W. Colburn
Vice President Transportation & Operations

Date: ______________________________

Issued on: June 24, 2011
Effective on: July 28, 2011
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BP ENERGY COMPANY (Shipper)

DATED: December 11, 2009

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Interstate Gas Company at Opal, WY</td>
<td>See ¶ 9</td>
<td>20,000</td>
<td>720</td>
<td>1000</td>
</tr>
<tr>
<td>Opal Plant Tailgate</td>
<td>In-Service Date through January 31, 2015</td>
<td>50,000</td>
<td>720</td>
<td>1000</td>
</tr>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>In-Service Date through January 31, 2015</td>
<td>25,000</td>
<td>720</td>
<td>1000</td>
</tr>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>February 1, 2015 through expiration of Agreement</td>
<td>75,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>95,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>
Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.

(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
BP ENERGY COMPANY (Shipper)

DATED: December 11, 2009

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Interstate Gas Company at Opal</td>
<td>CGT at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
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<td>Opal Plant Tailgate</td>
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<td>See ¶ 9 and ¶ 25</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
<tr>
<td>Questar Overthrust Pipeline Company at Opal</td>
<td>CGT at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9 and ¶ 25</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9 and ¶ 25</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:
(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
Reserved
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: December 23, 2009, amended and restated as of: July 1, 2011

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

1. Transporter: **RUBY PIPELINE, L.L.C.**

2. Shipper: **J. ARON & COMPANY**

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service (“In-Service Date”) and shall extend through the fifth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 25 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall not apply to this Agreement.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall replace and terminate the following agreement between the Parties: The Firm Transportation Service Agreement between Transporter and Shipper (formerly Nexen Marketing U.S.A. Inc. (“Nexen”)) dated December 23, 2009, referred to as Contract No. 61013000 pursuant to the authority granted by the Commission in the Letter Order issued June 29, 2010 in Docket No. RP10-753-000. Effective upon the termination of Contract No. 61013000, Nexen shall be relieved of any rights and obligations under the original Agreement.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>TOTAL 25,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
J. Aron & Company
200 West Street
New York, NY 10282-2198
Attn: Meghan Magura

All Notices:

J. Aron & Company
200 West Street
New York, NY 10282-2198
Attn: Matt Speltz

To Transporter:


14. 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.
15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement. If Transporter seeks authority to phase-in compression for the Ruby Pipeline, Transporter agrees to also file to adjust its initial Fuel Reimbursement Percentage to reflect revised fuel projections (anticipated to be lower if Ruby is authorized to phase-in compression).

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline.
Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. **Greenhouse Gas Costs:** Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost...
recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. “Most Favored Nation” Provision. Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term ending no later than the tenth anniversary of the In-Service Date, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term

Issued on: December 2, 2011
Effective on: January 3, 2012
“rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

**Nonconforming Provisions:**

25. **Renewal Provisions.** If Transporter has additional firm capacity available, Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional one (1) to five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate. The extension, if any, shall be subject to all applicable tariff provisions. This provision shall not require Transporter to reserve unsubscribed capacity for Shipper.

26. **Creditworthiness.** Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:
(i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (ii) Shipper is not under review for possible downgrade by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section: (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.

27. Assignment. Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third
party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.
IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER: RUBY PIPELINE, L.L.C. ______________________________

Signature: ________________________________
Name: Janice H. Parker
Title: Vice President
Date: ________________________________

J. ARON & COMPANY

Signature: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

Issued on: December 2, 2011
Effective on: January 3, 2012
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
J. Aron & Company (Shipper)

DATED: December 23, 2009, amended and restated as of: July 1, 2011

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tailgate of Williams Opal Plant</td>
<td>See ¶ 9</td>
<td>25,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>25,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and

J. Aron & Company (Shipper)

DATED: December 23, 2009, amended and restated as of: July 1, 2011

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
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<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tailgate of Williams Opal Plant</td>
<td>CGT at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
See the attached “Most Favored Nation” Rate Adjustment Table.

### Most Favored Nation Rate Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
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<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: January 14, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: MARATHON OIL COMPANY

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 25 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of...
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 25 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 12, 2008.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>40,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>Total: 40,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:
Invoices for Transportation:
Marathon Oil Company
4444 San Felipe
Houston, TX 77056
Attn: Scott Dalene

All Notices:
Attn: Scott Dalene
Marathon Oil Company
4444 San Felipe
Houston, TX 77056

To Transporter:


14. 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.
15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) Commencement of Construction. The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) In-Service Date. The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby
Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.
22. **Greenhouse Gas Costs**: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. **“Most Favored Nation” Provision**: Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity
commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Fuel Reduction Provision. In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

Nonconforming Provisions:

25. Renewal Provisions. Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

26. Creditworthiness. Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:
(i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (ii) Shipper is not under review for possible downgrade by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper’s tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section; (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.

27. **Assignment.** Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third
party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:   SHIPPER:

RUBY PIPELINE, L.L.C.  MARATHON OIL COMPANY

Signature: _________________________  _________________________
Thomas L. Price  P. J. Kuntz
Vice President  Vice President

Date: ______________________________  Date: ______________________________

Issued on: June 24, 2011  Effective on: July 28, 2011
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)

and

MARATHON OIL COMPANY (Shipper)

DATED: January 14, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>See ¶ 9</td>
<td>40,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>40,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
MARATHON OIL COMPANY (Shipper)

DATED: January 14, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
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<tr>
<th>Primary Receipt Point(s)</th>
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<td>Questar Overthrust Pipeline Company at Opal, WY</td>
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<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:
(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.
(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

### Most Favored Nation Rate Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: April 7, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: OCCIDENTAL ENERGY MARKETING, INC.

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper’s right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 25 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 25 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: The Transportation Precedent Agreement dated June 30, 2008, as amended by the letter dated July 17, 2008.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>Total: 50,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Occidental Energy Marketing, Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521
Attn: Energy Marketing Accounting

All Notices:
Occidental Energy Marketing, Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521
Attn: Energy Contract Administration
Fax: 713-215-7616

To Transporter:


14. 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.
15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Shipper shall not oppose any notification, initial tariff filing, application or initial certificate filing made to the FERC, which initial certificate filing shall, for purposes of this Agreement, include any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement. Nothing herein shall be construed to limit or waive Shipper’s rights to intervene or protest any filing by Transporter subsequent to FERC’s approval of the initial Tariff and issuance of an initial certificate for Ruby Pipeline.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”). Transporter (i) shall keep Shipper apprised of the status of the Commencement of Construction Date and (ii) shall promptly notify Shipper of the occurrence of the Commencement of Construction Date.

(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall...
be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement; provided, however, that in no event shall the In-Service Date for the Ruby Pipeline be later than April 30, 2012.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving thirty (30) days’ advance written notice of such termination within thirty (30) days after the applicable deadline. Failure to provide notice within that time period shall constitute a waiver of Shipper’s termination right under this Section 18 with respect to such deadline.

Negotiated Rate Provisions:

19. Partial Month Service (following In-Service Date). During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. Interim Service. If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges: In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on Transporter’s Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the
reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. **Recovery for Carbon Tax and Greenhouse Gas Costs:** Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of greenhouse gas emissions costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of greenhouse gas emissions costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of greenhouse gas emissions costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith, believes that any of Transporter’s efforts to recover greenhouse gas emissions costs (including any FERC filing by Transporter seeking the recovery of past, present or future greenhouse gas emissions costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to intervene in, protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved greenhouse gas emissions costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the greenhouse gas emissions costs incurred by it, then, provided that all other shippers with negotiated rates have agreed to pay their share of such unrecovered costs, Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. **“Most Favored Nation” Provision.** Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on Transporter’s Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day; and (d) at least five hundred thousand (500,000) Dth per day.
thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Fuel Reduction Provision. In any future expansion of Transporter’s Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between theFiled Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas volumes at the rate of 1,000,000 Btu per Dth.

25. Renewal Provisions. Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.
26. **Creditworthiness.** Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:

(i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (ii) Shipper is not under review for possible downgrade by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section: (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.
27. **Assignment.** Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release.

28. **Approval of Agreement.** In the event any provision of this Agreement which does not conform to the form of Transportation Service Agreement applicable to Rate Schedule FT contained in Transporter’s FERC Gas Tariff is not accepted by the FERC, then the Parties shall negotiate, in good faith and with all reasonable dispatch, a mutually acceptable alternative agreement which preserves the commercial and economic positions of the Parties as memorialized in this Agreement.
IN WITNESS WHEREOF, the parties have executed this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

Signature: _________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER:

OCCIDENTAL ENERGY MARKETING, INC.

Signature: _________________________
Ron Takeuchi
President

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and

OCCIDENTAL ENERGY MARKETING, INC. (Shipper)

DATED: April 7, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overthrust /Ruby Pipeline Topaz Ridge Point</td>
<td>See ¶ 9</td>
<td>50,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>50,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure. However, Shipper shall not be obligated to install, or to pay a third party to install, facilities to compress gas.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to effect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and

OCCIDENTAL ENERGY MARKETING, INC. (Shipper)

DATED: April 7, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overthrust/Ruby Pipeline Topaz Ridge Point</td>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to the Tariff, Shipper shall pay such tax or costs in accordance with Transporter’s Tariff. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
(4) See the attached “Most Favored Nation” Rate Adjustment Table

**Most Favored Nation Rate Table**

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
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<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
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</tr>
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<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
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<td>22 and less than 23</td>
<td>$0.782</td>
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<td>23 and less than 24</td>
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<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: December 11, 2009

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: PACIFIC GAS AND ELECTRIC COMPANY, an anchor shipper, on behalf of its Electric Fuels function.

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: Subject to Section 16, this Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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.

8. Negotiated Rate Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first written above. Shipper’s right to transport natural gas under this Agreement shall commence on the latter of the date that the Ruby Pipeline is placed into service ("In-Service Date") or July 1, 2011, and shall extend through October 31, 2026. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the latter of the In-Service Date or July 1, 2011, and shall continue for the term of this Agreement (as such term may be extended pursuant to Sections 10 and 24 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month, and after July 1, 2011, the provisions of Section 18 of this Agreement (relating to Partial Month Service), shall apply to the reservation charge payment obligations of Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.
10. Right-Of-First-Refusal: A contractual right of first refusal ("ROFR") shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 24 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall restate and supersede, in all respects, the following agreement(s) between the parties: The Transportation Precedent Agreement dated December 19, 2007, as amended on January 30, 2008.

12. Maximum Delivery Quantity ("MDQ"): Shipper shall have a preliminary MDQ of 250,000 Dth per day for its Electric Fuels function effective on the latter of the In-Service Date or July 1, 2011, through October 31, 2011, which shall be reduced to 125,000 Dth per day ("Initial MDQ") effective on November 1, 2011 ("Commencement Date"). Shipper shall have the right to reduce its MDQ as follows: to eighty percent (80%) of the Initial MDQ on the 11th anniversary of the Commencement Date; to sixty (60%) of the Initial MDQ on the 12th anniversary of the Commencement Date; to forty (40%) of the Initial MDQ on the 13th anniversary of the Commencement Date; to twenty (20%) of the Initial MDQ on the 14th anniversary of the Commencement Date; and/or down to zero (0) Dth per day on the 15th anniversary of the Commencement Date. Any reduction in the MDQ pursuant to this provision shall require written notice to Transporter, provided six months in advance of the applicable anniversary of the Commencement Date.

13. Notices, Statements, and Bills:

To Shipper:

All Notices and Invoices for Transportation:
Pacific Gas and Electric Company, Electric Fuels Department
Mail Code
P.O. Box 770000
San Francisco, CA 94177-0001
Attention: Manager, Electric Fuels
Fax: (415) 973-3818

To Transporter:


14. Changes in Rates and Terms: Subject to Section 16 of this Agreement, Transporter shall have the right to propose to the FERC changes in its recourse 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.
15. 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.

**Negotiated Rate Provisions:**

16. Effectiveness of Negotiated Rate and Nonconforming Provisions: Transporter and Shipper have agreed to certain negotiated rate provisions and certain nonconforming provisions as set forth in Sections 4, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and Exhibits A and B of this Agreement. Such negotiated rate provisions shall take precedence over the charges set forth in Rate Schedule FT, and such nonconforming provisions shall take precedence over the terms and conditions set forth in the Tariff, during the term of this Agreement.

17. Negotiated Rate Approval: In the event that Transporter is at any time prevented from providing Shipper the rate set forth in this Agreement by an Order of the FERC, then Transporter and Shipper shall meet and confer in good faith to negotiate a mutually-acceptable alternative rate that is consistent with the terms of the FERC order. Transporter shall thereafter submit such alternative rate to FERC for its approval, and Shipper shall present such alternative rate to the California Public Utilities Commission (“CPUC”) for approval. Each of Transporter and Shipper shall use its good-faith efforts to obtain approval of the alternative rate by the FERC and CPUC. If the CPUC approves the revised rate provision, this Agreement shall be revised to include the approved rate provisions, and Shipper shall have no rights to terminate this Agreement under this provision. If the CPUC approves the revised rate provisions, but does so with further modifications or conditions, (i) Shipper shall have the right to terminate this Agreement without liability to Transporter if such conditions or modifications are unacceptable to Shipper, and (ii) if the modifications or conditions are acceptable to Shipper, Transporter shall have the right to revise this Agreement to incorporate such provisions or to terminate this Agreement. If the CPUC does not approve the revised agreement, then either Shipper or Transporter shall have the right to terminate this Agreement.

18. Partial Month Service (following In-Service Date): During any partial month immediately following the In-Service Date, provided the In-Service Date is after November 1, 2011, Shipper shall have the right, but not an obligation, to use and pay for the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

19. Interim Service: In the event that some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B are completed and placed into service prior to other Primary Points of Receipt or Delivery under this Agreement, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to

Issued on: June 24, 2011                                          Effective on: July 28, 2011
Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

20. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) surcharge described in the Tariff. In the event any portion of the FERC-approved cost of electricity used for compression must be recovered through the recourse rates, then, if and only if Shipper receives all necessary CPUC approvals to fully recover all costs for electricity used for compression, Shipper’s negotiated rate shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

21. **Recovery for Carbon Tax and Greenhouse Gas Costs:** If and only if Shipper receives all necessary CPUC approvals, Shipper agrees to pay for any costs incurred by Transporter in connection with greenhouse gas costs in the manner set forth below. Transporter agrees that it will seek to recover the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter and/or the cost of any greenhouse gas mitigation efforts that are incurred by Transporter to eliminate or offset its carbon emissions through a FERC-approved surcharge. Transporter may make multiple tariff filings to separately permit the recovery of costs incurred under a voluntary program of greenhouse gas mitigation and under a mandatory program. If Transporter is unsuccessful in passing these costs through to Shipper via a surcharge imposed on all shippers, and (i) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (ii) the amount recovered through the recourse rates does not provide Transporter with full recovery of greenhouse gas costs, then, if and only if Shipper receives all necessary CPUC approvals to fully recover all greenhouse gas costs, Shipper’s negotiated rate shall be modified to include Shipper’s ratable share of such unrecovered amounts.

22. **“Most Favored Nation” Provision:** Shipper shall be entitled to any lower rate to which Transporter contractually commits with any other shipper under an FTSA with a term of more than one year but not more than fifteen years. Pursuant to this “Most Favored Nation” provision, Shipper’s rate shall not be greater than the lowest negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline, excluding rates applicable to (i) short-term transactions (i.e., fewer than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions); and (iii) rates for services with a term longer than fifteen years. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity
Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR will not trigger any rights or obligations under this Section 22. During the initial term of this Agreement as set forth in Section 9 above, if Transporter executes a transportation service agreement with another shipper for a term of more than one year but less than or equal to fifteen years, at a negotiated or discounted rate lower on a 100 percent load factor basis than Shipper’s rate set forth in Exhibit B, then the rates established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper; provided that, if the triggering rate extends for a term beyond the remainder of the initial term of this Agreement, then Shipper shall have the benefit of that lower rate for the remaining period of the initial term only, and not for any extension of such term requested or exercised by Shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof, either through the exercise of an evergreen right or through the exercise of a ROFR. In addition to the Most Favored Nation rate protection described above, Transporter shall not condition the obligations of any third party shipper without offering the same condition to Shipper. Shipper shall be entitled to receive descriptions showing the rates, conditions and terms of all executed precedent agreements or Firm Transportation Service Agreements from the Transporter within sixty (60) days of the execution of any precedent agreement or Firm Transportation Service Agreement, for the purposes of exercising their rights under this Section 22. Provided Shipper does not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity, then Shipper shall be entitled to its proportional share of any revenue sharing credits made to negotiated rate shippers.

Shipper shall have the right to terminate this Agreement, without liability of any kind to Transporter, if Transporter at any time fails, for any reason, to share with Shipper the different rates or conditions included in any other firm Transportation Service Agreement(s) with other shippers, thereby depriving Shipper of its right to elect to take such rate or condition consistent with this Section, and fails to cure such failure within thirty (30) days notice from Shipper.

23. Fuel Reduction Provision: In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at Opal for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline area of the Shipper; (ii) the projected average seasonal price of gas at Opal; (iii) the projected average seasonal price of electricity at the Shipper’s location; and (iv) the projected consumption of electricity by the Shipper.

Issued on: June 24, 2011
Effective on: July 28, 2011
designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

**Nonconforming Provisions:**

24. **Renewal Provisions:** Shipper shall be provided renewal rights to extend the term of this Agreement at the initial rate for any portion of the MDQ for additional one-year term extensions, until October 31, 2036, exercisable upon at least six months’ written notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, or at the end of any subsequent extended term, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 22 above, in which case the rate for the extension period shall be Shipper’s initial rate.

25. **Creditworthiness:** Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:

(i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation (“S&P”) or Baa3 by Moody's Investor Service ("Moody's") (in the event Shipper is rated differently by these two agencies, the lower rating shall be used); and (ii) Shipper is not under review for possible downgrade below the aforementioned minimum levels by S&P and/or Moody’s; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness
standards set forth in this section: (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated demand charges; or (iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.

26. **Assignment**: After the In-Service Date any transfer of capacity rights by a Shipper must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

Provisions Applicable to the Period Prior to the In-Service Date

27. **Construction of Facilities**: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following sections.

28. Transporter's obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion.

If the requirements of this Section 28 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 28 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

29. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a
project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 29 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days' advance written notice of such termination; provided, however, that if the relevant requirements of this Section 29 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

30. **Assignment Prior to the In-Service Date:** Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s respective capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights or obligations materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld. After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff.
IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

Signature: __________________________
Name: Thomas Price
Title: Vice President
Date: ______________________________

SHIPPER:

PACIFIC GAS AND ELECTRIC COMPANY

Signature: __________________________
Name: ______________________________
Title: _____________________________
Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)

and

PACIFIC GAS AND ELECTRIC COMPANY
On behalf of its Electric Fuels function, (Shipper)

DATED: December 11, 2009

Shipper's Maximum Delivery Quantity ("MDQ"): See Section 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Williams Opal Plant</td>
<td>See ¶ 9</td>
<td>125,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
</table>
| CGT at the Malin Hub
Malin, OR                          | See ¶ 9         | 125,000                                                | Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure | 921 p.s.i.g. at the pressure transmitter at the point of custody transfer |

Notes:

1. Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ. Pursuant to ¶ 12 of this agreement, Shipper shall have a preliminary MDQ of 250,000 Dth per day for its Electric Fuels function effective on the latter of the In-Service Date or July 1, 2011, through October 31, 2011.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
PACIFIC GAS AND ELECTRIC COMPANY
On behalf of its Electric Fuels function, (Shipper)

DATED: December 11, 2009

The following data elements shall apply to transportation services under this Agreement:

<table>
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<th>Commodity Rate</th>
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<th>Fuel</th>
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<td>All other</td>
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<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
(4) Shipper shall pay a negotiated monthly reservation rate that is the lower of (i) $20.6833 ($0.68 on a 100% load factor basis) or (ii) a rate that is five percent (5%) lower that the initial recourse rate approved by FERC for service for a term of longer than one year and not longer than fifteen years. The negotiated monthly reservation rate applicable to Shipper under this agreement shall apply to all quantities at all Receipt and Delivery Points utilized by Shipper under this agreement, as specified in the table, above, and as amended by Shipper from time-to-time.
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: December 11, 2009

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

1. Transporter: **RUBY PIPELINE, L.L.C.**

2. Shipper: **PACIFIC GAS AND ELECTRIC COMPANY**, an anchor shipper, on behalf of its Core Gas Supply function.

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: Subject to Section 16, this Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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.

8. Negotiated Rate Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first written above. Shipper’s right to transport natural gas under this Agreement shall commence on the latter of the date that the Ruby Pipeline is placed into service ("In-Service Date") or November 1, 2011, and shall extend through October 31, 2026. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on the latter of the In-Service Date or November 1, 2011, and shall continue for the term of this Agreement (as such term may be extended pursuant to Sections 10 and 24 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month, and after November 1, 2011, the provisions of Section 18 of this Agreement (relating to Partial Month Service), shall apply to the reservation charge payment obligations of Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.
10. Right-of-First-Refusal: A contractual right of first refusal (“ROFR”) shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 24 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall restate and supersede, in all respects, the following agreement(s) between the parties: The Transportation Precedent Agreement dated December 19, 2007, as amended on January 30, 2008.

12. Maximum Delivery Quantity ("MDQ"): Shipper’s initial MDQ shall be 250,000 Dth per day for its Core Gas Supply function (“Initial MDQ”) effective on November 1, 2011 (“Commencement Date”). Shipper shall have the right to reduce its MDQ as follows: to eighty percent (80%) of the Initial MDQ on the 11th anniversary of the Commencement Date; to sixty (60%) of the Initial MDQ on the 12th anniversary of the Commencement Date; to forty (40%) of the Initial MDQ on the 13th anniversary of the Commencement Date; to twenty (20%) of the Initial MDQ on the 14th anniversary of the Commencement Date; and/or down to zero (0) Dth per day on the 15th anniversary of the Commencement Date. Any reduction in the MDQ pursuant to this provision shall require written notice to Transporter, provided six months in advance of the applicable anniversary of the Commencement Date.

13. Notices, Statements, and Bills:

   To Shipper:

   All Notices and Invoices for Transportation:
   Pacific Gas and Electric Company, Core Gas Supply Department
   Mail Code
   P.O. Box 770000
   San Francisco, CA 94177-0001
   Attention: Director, Core Gas Supply
   Fax: (415) 973-9213

   To Transporter:


14. Changes in Rates and Terms: Subject to Section 16 of this Agreement, Transporter shall have the right to propose to the FERC changes in its recourse 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.

15. 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.

**Negotiated Rate Provisions:**

16. **Effectiveness of Negotiated Rate and Nonconforming Provisions:** Transporter and Shipper have agreed to certain negotiated rate provisions and certain nonconforming provisions as set forth in Sections 4, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and Exhibits A and B of this Agreement. Such negotiated rate provisions shall take precedence over the charges set forth in Rate Schedule FT, and such nonconforming provisions shall take precedence over the terms and conditions set forth in the Tariff, during the term of this Agreement.

17. **Negotiated Rate Approval:** In the event that Transporter is at any time prevented from providing Shipper the rate set forth in this Agreement by an Order of the FERC, then Transporter and Shipper shall meet and confer in good faith to negotiate a mutually-acceptable alternative rate that is consistent with the terms of the FERC order. Transporter shall thereafter submit such alternative rate to FERC for its approval, and Shipper shall present such alternative rate to the California Public Utilities Commission (“CPUC”) for approval. Each of Transporter and Shipper shall use its good-faith efforts to obtain approval of the alternative rate by the FERC and CPUC. If the CPUC approves the revised rate provision, this Agreement shall be revised to include the approved rate provisions, and Shipper shall have no rights to terminate this Agreement under this provision. If the CPUC approves the revised rate provisions, but does so with further modifications or conditions, (i) Shipper shall have the right to terminate this Agreement without liability to Transporter if such conditions or modifications are unacceptable to Shipper, and (ii) if the modifications or conditions are acceptable to Shipper, Transporter shall have the right to revise this Agreement to incorporate such provisions or to terminate this Agreement. If the CPUC does not approve the revised agreement, then either Shipper or Transporter shall have the right to terminate this Agreement.

18. **Partial Month Service (following In-Service Date):** During any partial month immediately following the In-Service Date, provided the In-Service Date is after November 1, 2011, Shipper shall have the right, but not an obligation, to use and pay for the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

19. **Interim Service:** In the event that some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B are completed and placed into service prior to other Primary Points of Receipt or Delivery under this Agreement, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.
20. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) surcharge described in the Tariff. In the event any portion of the FERC-approved cost of electricity used for compression must be recovered through the recourse rates, then, if and only if Shipper receives all necessary CPUC approvals to fully recover all costs for electricity used for compression, Shipper’s negotiated rate shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

21. **Recovery for Carbon Tax and Greenhouse Gas Costs:** If and only if Shipper receives all necessary CPUC approvals, Shipper agrees to pay for any costs incurred by Transporter in connection with greenhouse gas costs in the manner set forth below. Transporter agrees that it will seek to recover the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter and/or the cost of any greenhouse gas mitigation efforts that are incurred by Transporter to eliminate or offset its carbon emissions through a FERC-approved surcharge. Transporter may make multiple tariff filings to separately permit the recovery of costs incurred under a voluntary program of greenhouse gas mitigation and under a mandatory program. If Transporter is unsuccessful in passing these costs through to Shipper via a surcharge imposed on all shippers, and (i) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (ii) the amount recovered through the recourse rates does not provide Transporter with full recovery of greenhouse gas costs, then, if and only if Shipper receives all necessary CPUC approvals to fully recover all greenhouse gas costs, Shipper’s negotiated rate shall be modified to include Shipper’s ratable share of such unrecovered amounts.

22. **“Most Favored Nation” Provision:** Shipper shall be entitled to any lower rate to which Transporter contractually commits with any other shipper under an FTSA with a term of more than one year but not more than fifteen years. Pursuant to this “Most Favored Nation” provision, Shipper’s rate shall not be greater than the lowest negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline, excluding rates applicable to (i) short-term transactions (i.e., fewer than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions); and (iii) rates for services with a term longer than fifteen years. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR will not trigger any rights or obligations under this Section 22. During the initial term of this Agreement as
set forth in Section 9 above, if Transporter executes a transportation service agreement with another shipper for a term of more than one year but less than or equal to fifteen years, at a negotiated or discounted rate lower on a 100 percent load factor basis than Shipper’s rate set forth in Exhibit B, then the rates established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper; provided that, if the triggering rate extends for a term beyond the remainder of the initial term of this Agreement, then Shipper shall have the benefit of that lower rate for the remaining period of the initial term only, and not for any extension of such term requested or exercised by Shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof, either through the exercise of an evergreen right or through the exercise of a ROFR. In addition to the Most Favored Nation rate protection described above, Transporter shall not condition the obligations of any third party shipper without offering the same condition to Shipper. Shipper shall be entitled to receive descriptions showing the rates, conditions and terms of all executed precedent agreements or Firm Transportation Service Agreements from the Transporter within sixty (60) days of the execution of any precedent agreement or Firm Transportation Service Agreement, for the purposes of exercising their rights under this Section 22. Provided Shipper does not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity, then Shipper shall be entitled to its proportional share of any revenue sharing credits made to negotiated rate shippers.

Shipper shall have the right to terminate this Agreement, without liability of any kind to Transporter, if Transporter at any time fails, for any reason, to share with Shipper the different rates or conditions included in any other firm Transportation Service Agreement(s) with other shippers, thereby depriving Shipper of it right to elect to take such rate or condition consistent with this Section, and fails to cure such failure within thirty (30) days notice from Shipper.

23. Fuel Reduction Provision: In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at Opal for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-
hour for the electric driven compressor units; and (ii) converting electric power consumption to
natural gas.

Nonconforming Provisions:

24. **Renewal Provisions:** Shipper shall be provided renewal rights to extend the term of this Agreement at the initial rate for any portion of the MDQ for additional one-year term extensions, until October 31, 2036, exercisable upon at least six months’ written notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, or at the end of any subsequent extended term, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 22 above, in which case the rate for the extension period shall be Shipper’s initial rate.

25. **Creditworthiness:** Shipper shall maintain sufficient evidence of satisfaction of creditworthiness throughout the term of this Agreement, as follows:

(i) A demonstration that: (i) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") (in the event Shipper is rated differently by these two agencies, the lower rating shall be used); and (ii) Shipper is not under review for possible downgrade below the aforementioned minimum levels by S&P and/or Moody's; and (iii) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(ii) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (i) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (ii) trend analysis of financial ratios; (iii) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (iv) Shipper’s payment history for services provided to Shipper; (v) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (vi) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(iii) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (i) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section; (ii) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated demand charges; or
(iii) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.

26. **Assignment**: After the In-Service Date any transfer of capacity rights by a Shipper must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

**Provisions Applicable to the Period Prior to the In-Service Date**

27. **Construction of Facilities**: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following sections.

28. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion.

If the requirements of this Section 28 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 28 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

29. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to
Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 29 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 29 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

30. **Assignment:** Prior to the In-Service Date, Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s respective capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights or obligations materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld. After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff.
IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

Signature: _________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER:

PACIFIC GAS AND ELECTRIC COMPANY

Signature: _________________________
Name: ______________________________
Title: _____________________________

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
PACIFIC GAS AND ELECTRIC COMPANY
On behalf of its Core Gas Supply function, (Shipper)

DATED: December 11, 2009

Shipper's Maximum Delivery Quantity ("MDQ"): See Section 12

The following data elements shall apply to transportation services under this Agreement:

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Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

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TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

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PACIFIC GAS AND ELECTRIC COMPANY
On behalf of its Core Gas Supply function, (Shipper)

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<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost (EPC)</th>
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</thead>
<tbody>
<tr>
<td>Williams Opal Plant</td>
<td>CGT at the Malin Hub</td>
<td>$20.6833</td>
<td>$0.00 subject to ¶ 19</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
<tr>
<td></td>
<td>Malin, OR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost (EPC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$20.6833</td>
<td>$0.00 subject to ¶ 19</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
(4) Shipper shall pay a negotiated monthly reservation rate that is the lower of (i) $20.6833 ($0.68 on a 100% load factor basis) or (ii) a rate that is five percent (5%) lower that the initial recourse rate approved by FERC for service for a term of longer than one year and not longer than fifteen years. The negotiated monthly reservation rate applicable to Shipper under this agreement shall apply to all quantities at all Receipt and Delivery Points utilized by Shipper under this agreement, as specified in the table, above, and as amended by Shipper from time-to-time.
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: December 11, 2009, amended and restated as of: April 7, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: PIONEER NATURAL RESOURCES USA, INC.

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper's right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. Shipper's obligation to pay the Reservation Charges set forth in this Agreement shall commence on the In-Service Date and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 26 of this Agreement); provided that if the In-Service Date occurs on any day other than the first day of a calendar month the provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of
Shipper in that first partial month and Shipper’s obligation for payment of the full Reservation Charge shall commence on the first day of the following month.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall amend and restate the following agreement(s) between the parties: Contract No. 61003000 dated December 11, 2009.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,000</td>
<td>In-Service Date</td>
</tr>
<tr>
<td>Total: 75,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:
Invoices for Transportation:
Pioneer Natural Resources USA, Inc.
5205 N. O’Connor Blvd., Suite 200
Irving, TX 75039-3707
Attention: Jeanette Benton
Fax: 972-969-3574

All Notices:
All Notices:
Pioneer Natural Resources USA, Inc.
5205 N. O’Connor Blvd., Suite 200
Irving, TX 75039-3707
Attention: Jeanette Benton
Fax: 972-969-3574

To Transporter:


14. 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.
15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

Construction Conditions:

17. Transporter’s obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC, including, e.g., any certificate amendment seeking authority to phase-in compression for the Ruby Pipeline, or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) Commencement of Construction. The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the latter of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) In-Service Date. The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby
Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the rights to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.
22. Recovery for Carbon Tax and Greenhouse Gas Costs: Shipper agrees to pay for any FERC-approved costs incurred by Transporter in connection with greenhouse gas costs in the manner set forth below. Transporter agrees that it will seek to recover the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter and/or the cost of any greenhouse gas mitigation efforts that are incurred by Transporter to eliminate or offset its carbon emissions through a FERC approved surcharge. Transporter may make multiple tariff filings to separately permit the recovery of costs incurred under a voluntary program of greenhouse gas mitigation and under a mandatory program. Shipper agrees not to oppose such proposals provided the proposals do not vary substantially from the version set forth in Section 28 of the proposed tariff submitted by Transporter with the Certificate Application (as modified in the version submitted with the Request for Rehearing and/or Clarification filed by Transporter on October 5, 2009). If Transporter is unsuccessful in passing these costs through to Shipper via a surcharge imposed on all shippers, and (i) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (ii) the amount recovered through the recourse rates do not provide Transporter with full recovery of greenhouse gas costs, then Shipper’s negotiated rate shall be modified to include Shipper’s ratable share of such unrecovered amounts (provided Transporter ratably recovers the greenhouse gas costs allocable to all other negotiated rate shippers, calculated in the same manner) and Shipper shall not oppose such modification.

23. “Most Favored Nation” Provision. Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.
24. **Treatment of Short-Term Firm and Interruptible Transportation Revenues.** Shipper shall receive fifty percent (50%) of a pro rata share of the revenues received by Transporter for interruptible and short-term firm transportation service (net of variable costs and surcharges) until such time as the FERC modifies the treatment of the costs and revenues of such services, provided however, that revenues from interruptible and short-term firm transportation services shall not be shared with Shipper until such time as the total long-term firm transportation commitments on the Ruby Pipeline equal or exceed the initial designed capacity of the Ruby Pipeline and the revenues recovered from such services exceed the costs allocated to those services. Shipper shall not oppose any tariff filing or application made to the FERC to obtain authorization to establish the maximum recourse rate applicable to interruptible and short-term firm transportation service at 250% of the recourse rate for long term capacity.

25. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

**Nonconforming Provisions:**

26. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

27. **Creditworthiness.** Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:
(A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody’s or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section 27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

(B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness standards set forth in Section 27(A); or (b) an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that
Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.

(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody's, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C)Shipper under this
Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.

If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

(D) If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.

If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.

If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper
meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

In the event the FERC at any time rejects, modifies or conditions the creditworthiness provisions set forth in Sections 27(A) through 27(H) of this Agreement, for any reason, in a manner that negatively modifies or impacts the credit support provided by any shipper that has executed, or executes, a firm transportation service agreement prior to the in-service date of the Ruby Pipeline (including without limitation reductions in the amount of credit support, the quality of credit support or the circumstances under which such credit support must be provided), then, in Transporter’s sole discretion and upon notice from Transporter to Shipper: (i) the creditworthiness provisions set forth in Sections 27(A) through 27(H) of this Agreement shall be fully severable,
immediately terminated, of no further force and effect, and deemed null and void *ab initio* and (ii) Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth in Sections 27(I) through 27(L) of this Agreement and shall maintain satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

(I) A demonstration that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by Standard & Poor’s Corporation (“S&P”) or Baa3 by Moody’s Investor Service (“Moody’s”) or Shipper’s long term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s; and (3) a sum of 12 months of anticipated charges under this Agreement is less than 10% of Shipper's tangible net worth; or

(J) If Shipper or its parent entity(ies) is not rated by S&P or Moody’s, a demonstration that the sum of sixty (60) months of anticipated charges is less than 10% of Shipper's tangible net worth, or that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges is less than 10% of Shipper’s tangible net worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

(K) As an alternative, Shipper may satisfy its creditworthiness obligation by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee acceptable to Transporter issued by another person or entity which satisfies the creditworthiness standards set forth in this section; (2) a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges; provided, however, that if Shipper’s aggregate MDQ is for twenty-five thousand (25,000) Dth per day or less, Shipper may provide and maintain a cash deposit or an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges; or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure project financing).

(L) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of creditworthiness of Shipper or its parent, as set forth above, which Transporter may share with its lenders or creditors.
For avoidance of doubt, Sections 27(A)-(H) of this Agreement and Sections 27(I)-(L) of this Agreement are mutually exclusive. Sections 27(A)-(H) of this Agreement shall take precedence and control over Sections 27(I)-(L) of this Agreement until such time, if ever, that (i) the FERC rejects, modifies or conditions the creditworthiness provisions set forth in Sections 27(A)-(H) of this Agreement and (ii) Transporter provides notice to Shipper (as set forth above) that Sections 27(I)-(L) of this Agreement are in effect.

28. **Assignment.** Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any third party, provided (i) such third party satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such third party’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

After the In-Service Date any transfer of capacity rights must be accomplished through the capacity release provisions of Transporter’s Tariff. Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper. Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

29. **Efforts Regarding Approvals.** Transporter agrees to work in good faith and exercise reasonably diligent efforts to: (i) obtain from all governmental and regulatory authorities having jurisdiction over the Ruby Pipeline (including but not limited to the FERC) the authorizations and/or exemptions Transporter determines are necessary for the construction and operation of the Ruby Pipeline and approval of Shipper’s negotiated rate and this Agreement; (ii) complete the
construction of and have the Ruby Pipeline ready for service by no later than March 31, 2011; and (iii) provide Shipper, as conditioned herein, with firm transportation as set forth herein.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER: 

RUBY PIPELINE, L.L.C.

Signature: _________________________
Name: Thomas L. Price
Title: Vice President
Date: ______________________________

SHIPPER: 

PIONEER NATURAL RESOURCES USA, INC.

Signature: _________________________
Name: ______________________________
Title: _____________________________
Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
PIONEER NATURAL RESOURCES USA, INC. (Shipper)

DATED: December 11, 2009, amended and restated as of; April 7, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>See ¶ 9</td>
<td>75,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>75,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
PIONEER NATURAL RESOURCES USA, INC. (Shipper)

DATED: December 11, 2009, amended and restated as of; April 7, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questar Overthrust Pipeline Company at Opal, WY</td>
<td>CGT at the Malin Hub, Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.

(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
See the attached “Most Favored Nation” Rate Adjustment Table

**Most Favored Nation Rate Table**

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: February 26, 2010, amended and restated as of: November 1, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: SHELL ENERGY NORTH AMERICA (US), L.P.

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first above written. Shipper's right to transport natural gas under this Agreement shall commence on the date the Ruby Pipeline is placed into service ("In-Service Date") and shall extend through the tenth anniversary of the first day of the month following the month in which the In-Service Date occurs. The provisions of Section 19 of this Agreement (relating to Partial Month Service) shall apply to the reservation charge payment obligations of Shipper in that first partial month and Shipper's obligation for payment of the full reservation charge shall commence on the first day of the following month.

Issued on: June 24, 2011
Effective on: July 28, 2011
Notwithstanding the foregoing, if the In-Service Date occurs on the first day of a calendar month, Shipper’s obligation to pay the reservation charges set forth in this Agreement shall commence on the In-Service Date, and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 25 of this Agreement), which shall commence on the In-Service date and extend through the tenth anniversary of such In-Services Date.

10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall amend and restate the following agreement(s) between the parties: The Firm Transportation Service Agreement between Transporter and Shipper dated February 26, 2010, referred to as Transporter’s Agreement No. 61004000, provided however, that all references in this Agreement to the effective date of this Agreement or the date of execution of the Agreement shall refer to the date of the original Agreement, February 26, 2010.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,000</td>
<td>See Section 9</td>
</tr>
<tr>
<td>Total: 75,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:

Invoices for Transportation:
Shell Energy North America (US), L.P.
4445 Eastgate Mall, Suite 100
San Diego, CA 92121
Attention: Gas Operations/Rebecca Newson

All Notices:

All Notices:
Shell Energy North America (US), L.P.
4445 Eastgate Mall, Suite 100
San Diego, CA 92121
Attention: Contracts, North America, and a second copy to Business Development/Christine Wallat
Fax: 858-320-1550/858-320-2649
To Transporter:


14. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its tariff recourse rates and terms of service and, subject to the provisions of Section 22 below, this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law to the extent the changes do not directly conflict with the express terms of this Agreement, without prejudice to Shipper's right to protest the same.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

FERC Certificate. The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the later of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

Issued on: June 24, 2011

Effective on: July 28, 2011
(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the right to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein, but in no event will Shipper be liable for reservation charges until the first full month following the In-Service Date. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs (“EPC”) charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent
amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. Recovery for Carbon Tax and Greenhouse Gas Costs: Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of Greenhouse Gas Emissions Costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). As used herein “Greenhouse Gas Emissions Costs” means (i) the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter, (ii) the cost of any greenhouse gas mitigation efforts, including the costs of credits and offsets, that Transporter incurs to comply with any greenhouse gas laws, rules or regulations with respect to the Ruby Pipeline, and/or (iii) costs incurred under a voluntary program of greenhouse gas mitigation as described in the Original Section 28. Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of Greenhouse Gas Emissions Costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of Greenhouse Gas Emissions Costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover Greenhouse Gas Emissions Costs (including any FERC filing by Transporter seeking the recovery of past, present or future Greenhouse Gas Emissions Costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved Greenhouse Gas Emissions Costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the Greenhouse Gas Emissions Costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.
23. “Most Favored Nation” Provision. Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. Fuel Reduction Provision. In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or theFiled Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate and Filed Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then the Shipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.
Nonconforming Provisions:

25. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

26. **Creditworthiness.** Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

   (A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody's or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody's (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets)). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

   If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section 27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

   (B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness
standards set forth in Section 27(A); or (b) an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.

(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s
ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody’s, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C) Shipper under this Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.

If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.

If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its
creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.

If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a
guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

27. **Assignment.** (i) Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any person, firm or corporation which shall succeed by purchase, merger, consolidation, sale or assignment to the interest, in whole or in part, in properties that produce or will produce natural gas to be transported pursuant to this Agreement, provided (i) such person, firm or corporation satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such person’s, firm’s or corporation’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement, and subject to the applicability of the following sentence, containing the same terms, conditions, and rates, which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

(ii) After the In-Service Date, any assignment by Shipper of any of its rights and obligations under this Agreement shall be done in accordance with the assignment provisions of Transporter’s Tariff, provided such provisions are consistent with the totality of the provisions of Section 15 of the General Terms and Conditions of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 15”). To the extent the final or amended Section 15 of the General Terms and Conditions of Transporter’s Tariff is inconsistent with the totality of the provisions of Original Section 15, Section 27(i) above shall govern all assignments, including assignments made after the In-Service Date.

(iii) After the In-Service Date, any transfer of capacity rights other than assignments as described in Section 27(i) and (ii) above, must be accomplished through the capacity release provisions of Transporter’s Tariff, including specifically the following: (i) Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges
but shall receive a credit against any such obligations for amounts received from the Replacement Shipper; and (ii) Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.

28. **Efforts Regarding Approvals.** Transporter agrees to work in good faith and exercise reasonably diligent efforts to: (i) obtain from all governmental and regulatory authorities having jurisdiction over the Ruby Pipeline (including but not limited to the FERC) the authorizations and/or exemptions Transporter determines are necessary for the construction and operation of the Ruby Pipeline and approval of Shipper’s negotiated rate and this Agreement; (ii) complete the construction of and have the Ruby Pipeline ready for service by no later than March 31, 2011; and (iii) provide Shipper, as conditioned herein, with firm transportation as set forth herein.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:  

RUBY PIPELINE, L.L.C.  

______________________________  
Thomas L. Price  
Vice President

Date: ______________________________

SHIPPER:  

SHELL ENERGY NORTH AMERICA (US), L.P.  

______________________________  
Beth Bowman  
Sr. Vice President

Date: ______________________________
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and

SHELL ENERGY NORTH AMERICA (US), L.P. (Shipper)

DATED: February 26, 2010, amended and restated as of: November 1, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Williams Opal Plant</td>
<td>See ¶ 9</td>
<td>75,000</td>
<td>720</td>
<td>1000</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>See ¶ 9</td>
<td>75,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.

Issued on: June 24, 2011
Effective on: July 28, 2011
(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

(3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure. However, Shipper shall not be obligated to install, or to pay a third party to install, facilities to compress gas.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and

SHELL ENERGY NORTH AMERICA (US), L.P. (Shipper)

DATED: February 26, 2010, amended and restated as of: November 1, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Negotiated Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Williams’ Opal Plant</td>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Negotiated Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

1. FL&U shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

2. Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.
(3) EPC shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

### Most Favored Nation Rate Table

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
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<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
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<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE FT
DATED: February 26, 2010, amended and restated as of: November 1, 2010

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

1. Transporter: RUBY PIPELINE, L.L.C.

2. Shipper: SHELL ENERGY NORTH AMERICA (US), L.P.

3. Applicable Tariff: Transporter's FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff").

4. Primacy of Tariff and Incorporation by Reference: This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff ("GT&C") as filed with, and made effective by, the FERC as same may change from time to time.

5. Transportation Service: Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. Receipt and delivery points: Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 31 of the GT&C. 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 Agreement: Yes

9. Term of Agreement: This Agreement shall be effective as of the date first written above. Shipper’s right to transport natural gas under this Agreement shall commence on April 1, 2012, and shall extend through March 31, 2021. Shipper’s obligation to pay the Reservation Charges set forth in this Agreement shall commence on April 1, 2012, and shall continue for the term of this Agreement (as such term may be extended pursuant to Section 25 of this Agreement).
10. A contractual right of first refusal shall apply to this Agreement. Shipper shall have a ROFR at the end of the initial term as set forth in Section 9 above, and any extension thereof pursuant to Section 26 below, to be applicable to any portion of Shipper’s MDQ in effect at that time and exercisable in accordance with the notice provisions to be included in Transporter’s Tariff.

11. Effect on Prior Agreement(s):

When this Agreement becomes effective, it shall amend and restate the following agreement(s) between the parties: The Firm Transportation Service Agreement between Transporter and Shipper dated February 26, 2010, referred to as Transporter’s Agreement No. 61005000, provided however, that all references in this Agreement to the effective date of this Agreement or the date of execution of the Agreement shall refer to the date of the original Agreement, February 26, 2010.

12. Maximum Delivery Quantity ("MDQ")

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,000</td>
<td>April 1, 2012</td>
</tr>
<tr>
<td>50,000</td>
<td>April 1, 2013</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>50,000</strong></td>
</tr>
</tbody>
</table>

13. Notices, Statements, and Bills:

To Shipper:
Invoices for Transportation:
Shell Energy North America (US), L.P.
4445 Eastgate Mall, Suite 100
San Diego, CA 92121
Attention: Gas Operations/Rebecca Newson

All Notices:
All Notices:
Shell Energy North America (US), L.P.
4445 Eastgate Mall, Suite 100
San Diego, CA 92121
Attention: Contracts, North America, and a second copy to Business Development/Christine Wallat
Fax: 858-320-1550/858-320-2649

To Transporter:

14. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its tariff recourse rates and terms of service and, subject to the provisions of Section 22 below, this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law to the extent the changes do not directly conflict with the express terms of this Agreement, without prejudice to Shipper's right to protest the same.

15. 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.

16. Construction of Facilities: The parties recognize that Transporter must construct facilities in order to provide transportation service for Shipper under this Agreement. Shipper and Transporter have agreed to the provisions set forth in the following paragraphs.

**Construction Conditions:**

17. Transporter's obligations under this Agreement are subject to the following:

**FERC Certificate.** The receipt and acceptance by Transporter of a FERC certificate for the Ruby Pipeline, as described in FERC Docket No. CP09-54-000, as well as the receipt by Transporter of all other necessary regulatory approvals, permits and other authorizations for the additional facilities in form and substance satisfactory to Transporter in its sole discretion. Except as otherwise set forth herein, Shipper shall not oppose any notification, initial tariff filing, application or certificate filing made to the FERC or any other governmental body to obtain any necessary authorizations to construct or operate the Ruby Pipeline to provide services as set out under this Agreement.

If the requirements of this Section 17 are not fully satisfied, then Transporter may terminate this Agreement, without liability of any kind to Shipper, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 17 are met or waived after Transporter provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

18. Shipper’s obligations under this Agreement are subject to the following:

(i) **Commencement of Construction.** The commencement by Transporter of construction of the Ruby Pipeline within sixty (60) days after the later of (i) FERC’s issuance of a project-wide Notice To Proceed or (ii) the satisfaction of any conditions or exceptions to Transporter’s ability to commence construction that are contained in the Notice To Proceed, (“Commencement of Construction Date”).

(ii) **In-Service Date.** The Ruby Pipeline being placed into service within sixteen (16) months of the Commencement of Construction Date; provided, however, that if construction activities are at any time halted pursuant to a court or agency order, this time period shall
be tolled for the duration of any such court or agency order, and - regardless of the amount of the 16-month period described above which remains after the release of the court or agency order - Transporter shall have at least one (1) month to place the Ruby Pipeline into service without triggering Shipper’s termination rights under this Agreement.

If the requirements of this Section 18 are not fully satisfied, where applicable, by the dates specified herein, then Shipper may terminate this Agreement, without liability of any kind to Transporter, by giving sixty (60) days’ advance written notice of such termination; provided, however, that if the relevant requirements of this Section 18 are met or waived after Shipper provides the 60-day advance written notice described above but before the 60-day period set in motion by such notice has completely run, then such notice shall be deemed null and void.

**Negotiated Rate Provisions:**

19. **Partial Month Service (following In-Service Date).** During any partial month immediately following the In-Service Date, Shipper shall have the right to use the capacity up to Shipper’s MDQ at a commodity-only rate equal on a 100% load factor basis to the Shipper’s rate established herein, but in no event will Shipper be liable for reservation charges until the first full month following the In-Service Date. Transporter shall use commercially reasonable efforts to keep Shipper informed of the anticipated In-Service Date.

20. **Interim Service.** If portions of the Ruby Pipeline, including some of the Primary Points of Receipt and corresponding Primary Points of Delivery identified in Exhibit A and Exhibit B, are completed and authorized to be placed into service prior to other Primary Points of Receipt or Delivery under this Agreement being placed into service, then Shipper shall be charged a Reservation Charge for only those quantities associated with the Primary Points of Receipt and corresponding Primary Points of Delivery that are in service and identified in Exhibit A and Exhibit B, and Shipper shall be charged the per Dth equivalent of the Reservation Rate for any additional quantities of gas actually transported by Transporter for Shipper up to Shipper’s MDQ up to the date all of the Primary Points of Receipt and Delivery under this Agreement are placed into service.

21. **Fuel and Lost and Unaccounted-For Gas (L&U) and Other Surcharges:** In addition to the negotiated rate, Shipper shall pay those applicable fuel and L&U and other surcharges which are approved by the FERC in Transporter’s initial certificate application proceeding or pursuant to any subsequent fuel and/or L&U filing. Transporter anticipates a fuel recovery mechanism whereby natural gas used as fuel and L&U will be recovered in-kind from shippers and electric power costs used for compression will be recovered through the electric power costs ("EPC") charge described in the Tariff. In the event any portion of the cost of electricity used for compression must be recovered through the recourse rates, all negotiated rates shall be adjusted to permit the recovery of such amount and the amount of the electric fuel surcharge will be reduced by an equivalent amount. Shipper shall also pay ACA, and all other FERC-approved surcharges applicable to transportation on the Ruby Pipeline. Shipper’s negotiated rate shall not include any commodity or usage charge, unless Transporter is required by FERC to assess such a commodity charge, in which case the commodity charge shall be set at the minimum permissible level and the
reservation rate shall be reduced to a level that causes the combined commodity and reservation rates to equal the selected negotiated rate, stated on a 100% load factor basis.

22. **Recovery for Carbon Tax and Greenhouse Gas Costs:** Transporter and Shipper agree that, except as otherwise expressly provided in this Section 22, and subject at all times to FERC’s approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that the recovery by Transporter of Greenhouse Gas Emissions Costs incurred by Transporter, and Shipper’s challenge or opposition to and payment of its appropriate share of such costs, should be consistent with the totality of the provisions of Section 28 of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 28”). As used herein “Greenhouse Gas Emissions Costs” means (i) the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter, (ii) the cost of any greenhouse gas mitigation efforts, including the costs of credits and offsets, that Transporter incurs to comply with any greenhouse gas laws, rules or regulations with respect to the Ruby Pipeline, and/or (iii) costs incurred under a voluntary program of greenhouse gas mitigation as described in the Original Section 28. Transporter and Shipper both acknowledge that Original Section 28 was rejected by FERC and that Transporter will continue to seek FERC approval of the recovery of Greenhouse Gas Emissions Costs in a manner consistent with the totality of Original Section 28. Shipper will not oppose Transporter’s efforts to continue seeking FERC approval of the recovery of Greenhouse Gas Emissions Costs through a surcharge mechanism or otherwise, provided Transporter does so in a manner consistent with the totality of Original Section 28. Notwithstanding the foregoing, Transporter and Shipper agree that if Shipper, in good faith and after conferring with Transporter, believes that any of Transporter’s efforts to recover Greenhouse Gas Emissions Costs (including any FERC filing by Transporter seeking the recovery of past, present or future Greenhouse Gas Emissions Costs under any mechanism or in any manner) are inconsistent with, in addition to or beyond the scope of the totality of Original Section 28, then Shipper will have the right, exercisable in its sole discretion, to protest and/or otherwise oppose any of such Transporter efforts or FERC filings. If (i) Transporter is unsuccessful in having the FERC-approved Greenhouse Gas Emissions Costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter’s FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the Greenhouse Gas Emissions Costs incurred by it, then Shipper will agree to modify its Negotiated Rate to include Shipper’s ratable share, but no more than Shipper’s ratable share, of such unrecovered costs. For the purposes of the immediately-preceding sentence of this Section 22, “Shipper’s ratable share” will be equal to the amount of firm capacity committed to by Shipper in Exhibit A divided by the total amount of firm capacity committed to by all shippers with negotiated rates, including Shipper, in their executed Firm Transportation Service Agreements with Transporter.

23. **“Most Favored Nation” Provision.** Shipper’s negotiated rate shall not be greater than the lowest equivalent negotiated or discounted rate to which Transporter contractually commits with any other shipper on the Ruby Pipeline contracting for an MDQ equal to or less than the highest amount in the Shipper’s volumetric class for a term equal to or shorter than the term of this Agreement, excluding rates applicable to (i) short-term transactions (i.e., less than 12 consecutive
months); and (ii) seasonal transactions (i.e., transactions involving firm transportation capacity that is available only during winter season operating conditions). For purposes of this Agreement, Transporter has established volumetric rate classes of (a) less than two hundred thousand (200,000) Dth per day; (b) at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day; and (c) at least three hundred seventy-five thousand (375,000) Dth per day. In addition, if Transporter contractually commits to a negotiated or discounted rate for service with another shipper in Shipper’s volumetric class which is below the applicable rate listed in the table attached hereto as part of Exhibit B (based on the capacity commitment and contract term associated with the rate), Shipper’s negotiated rate shall not be greater than such negotiated or discounted rate. For purposes of this provision the term “rates” shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. Rates for services using capacity release, discounts granted to secondary points or rates resulting from the exercise of a ROFR shall not trigger any rights or obligations under this “Most Favored Nation” provision.

In the event this “Most Favored Nation” provision is triggered, the negotiated rate established in this Agreement shall be reduced to the same level as such other negotiated or discounted rates, for the applicable term of the triggering rate in the service agreement with the other shipper. Shipper’s Most Favored Nation rate protections shall continue throughout the initial term and for Shipper’s initial MDQ, but shall not continue for any extensions thereof through the exercise of a ROFR or renewal right.

24. **Fuel Reduction Provision.** In any future expansion of the Ruby Pipeline, if Transporter proposes to roll-in the fuel associated with the expansion capacity into the base fuel rate and the filed post expansion 90% load factor annual average fuel rate, stated as a natural gas equivalent fuel rate and based on conditions at the time of the expansion certificate application (hereinafter the “Filed Expansion Fuel Rate”) exceeds the greater of 1.1% or the Filed Initial Fuel Rate (hereinafter the “Baseline Fuel Rate”), when both the Filed Initial Fuel Rate andFiled Expansion Fuel Rate are calculated in the same manner and the natural gas equivalent fuel rate is calculated using the process described below, then theShipper’s negotiated rate shall be reduced by the value of any difference between the Filed Expansion Fuel Rate and the Baseline Fuel Rate. This value shall be determined using the average of the forecasted monthly price of gas at the Opal Hub for the sixty (60) months following the close of the Open Season for the expansion. For purposes of the comparison of the fuel rates described above, the cost of any carbon emission credits or offsets will not be included. The determination of the natural gas equivalent of the combined gas and electric cost recovery amounts shall be based on: (i) the projected annual energy use for the alternative pipeline designs assuming the pipeline is operated at a 90% load factor, annual average air and ground temperatures and an average consumption of 8,000 British Thermal Units (“Btu”) per horsepower-hour for the electric driven compressor units; and (ii) converting electric power consumption to natural gas.

25. **Renewal Provisions.** Shipper shall be provided one renewal right to extend the term of this Agreement at the initial rate for any portion of the MDQ for an additional five (5) years, upon at
least one year’s notice prior to the scheduled termination of this Agreement, pursuant to Section 9 above, unless such rate was established pursuant to the exercise of the “Most Favored Nation” provision described in Section 23 above, in which case the rate for the extension period shall be Shipper’s initial rate.

26. Creditworthiness. Within thirty (30) days following the execution of this Agreement, Shipper shall demonstrate satisfaction of creditworthiness in the manner set forth below, and shall maintain the satisfaction of creditworthiness throughout the term of this Agreement in the manner set forth below:

(A) If at the time of the execution of this Agreement, Shipper is rated by Standard & Poor's Corporation ("S&P") or Moody's Investor Service ("Moody's") then Shipper shall satisfy its creditworthiness obligations by making a demonstration to Transporter that: (1) Shipper’s senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody's or Shipper’s long-term issuer rating is at least A- by S&P or A3 by Moody’s (in the event Shipper is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper is not under review for possible downgrade by S&P and/or Moody’s to a level below that set forth in subpart (1) of this Section 27(A); and (3) a sum of 12 months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper's Tangible Net Worth (for purposes of this Section 27, “Tangible Net Worth” shall mean total assets – (liabilities + intangible assets)). Such Shipper is hereinafter referred to as a “Section 27(A) Shipper.”

If at any time during the term of this Agreement, a Section 27(A) Shipper’s S&P or Moody’s rating falls below the levels described above, or a Section 27(A) Shipper becomes unrated or otherwise fails to satisfy the requirements of this Section 27(A), then for the time period that a Section 27(A) Shipper’s ratings are below that level or a Section 27(A) Shipper is unrated or is otherwise unable to satisfy the requirements of this Section 27(A), Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below.

(B) If at the time of the execution of this Agreement, Shipper is rated by S&P or Moody’s and does not satisfy the requirements of 27(A) but Shipper passes the Net Worth Test described in this Section 27(B) below (such Shipper is hereinafter referred to as a “Section 27(B) Shipper”), then the Section 27(B) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by furnishing to Transporter (a) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by a person or entity which satisfies the creditworthiness standards set forth in Section 27(A); or (b) an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Notwithstanding the foregoing, if the Section 27(B) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then the Section 27(B) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit.
acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

A Shipper can pass the “Net Worth Test” by making a demonstration to Transporter that (i) the sum of sixty (60) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, or (ii) that Shipper has a Debt/EBITDA ratio of less than 3 and that the sum of forty-eight (48) months of anticipated charges under this Agreement and all other transportation agreements that Shipper has with Transporter as of the date of this Agreement is less than 10% of Shipper’s Tangible Net Worth, and a demonstration that the Shipper’s credit and financial history and outlook are acceptable to Transporter. Such determination shall be based upon Transporter’s evaluation of: (1) Shipper’s financial statements and auditors notes, annual report to shareholders, and annual report to regulators; (2) trend analysis of financial ratios; (3) bank and trade references or other information obtained that is relevant to Shipper’s current and future financial strength and its ability to pay its obligations in a timely manner; (4) Shipper’s payment history for services provided to Shipper; (5) whether Shipper is subject to any proceedings under any laws pertaining to bankruptcy, insolvency, liquidation, or debt reduction procedures and (6) whether Shipper is subject to any recently filed substantial litigation either against Shipper or affecting Shipper’s business prospects.

If at any time during the term of this Agreement, a Section 27(B) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(B) Shipper is unable to pass the Net Worth Test the Section 27(B) Shipper shall satisfy its creditworthiness obligation using one of the forms of credit support described in Section 27(E) below. If a Section 27(B) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(B) Shipper may immediately satisfy its creditworthiness obligations in the manner provided in this Section 27(B).

If at any time during the term of this Agreement, a Section 27(B) Shipper is able to demonstrate creditworthiness under the standards described in Section 27(A) above, then for the time period the Section 27(B) Shipper is able to satisfy its creditworthiness obligation under those standards, the Section 27(B) Shipper will be relieved of the obligation to provide the letter of credit described above. If a Section 27(B) Shipper subsequently becomes unable to demonstrate creditworthiness under the standards described in Section 27(A) above, the Section 27(B) Shipper shall satisfy its creditworthiness obligations in the manner provided in Sections 27(B) or (E), as applicable.

(C) If at the time of the execution of this Agreement, Shipper is unrated by S&P and Moody’s but Shipper’s parent entity is rated by S&P or Moody’s and (1) Shipper’s parent entity’s ratings do not satisfy the requirements of Section 27(A) but Shipper’s parent entity’s senior unsecured debt securities are rated at least BB- by S&P or Ba3 by Moody’s, or Shipper’s parent entity’s long-term issuer rating is at least BBB- by S&P and/or Baa3 by Moody’s, (in the event Shipper’s parent entity is rated differently by multiple agencies, the lowest rating shall be used in making such determination); and (2) Shipper’s parent entity is not
under review for possible downgrade by S&P and/or Moody’s; and (3) Shipper’s parent entity passes the Net Worth Test, (such Shipper meeting each of the foregoing qualifications is hereinafter referred to as a “Section 27(C) Shipper”), then the Section 27(C) Shipper shall satisfy its creditworthiness obligations by providing one of the forms of credit support described in Section 27(E) or by (a) the Section 27(C) Shipper’s parent entity furnishing to Transporter an irrevocable, unconditional guarantee of the obligations of the Section 27(C) Shipper under this Agreement acceptable to Transporter and equal to eighteen (18) months of the anticipated charges under this Agreement; and (b) the Section 27(C) Shipper furnishing to Transporter an irrevocable letter of credit acceptable to Transporter equal to eighteen (18) months of the anticipated charges under this Agreement. Transporter shall have the option, exercisable in its sole discretion, to draw upon the guarantee and/or the letter of credit in whichever order it chooses. Notwithstanding the foregoing, if a Section 27(C) Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, the Section 27(C) Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement.

If at any time during the term of this Agreement, a Section 27(C) Shipper becomes rated, it shall thereafter be treated as if it had that rating at the time of execution of this Agreement and shall be considered a Section 27(A) or Section 27(B) Shipper, depending on whether the Shipper satisfies the criteria for classification as a Section 27(A) or Section 27(B) Shipper at the time the Shipper is initially rated.

If at any time during the term of this Agreement, a Section 27(C) Shipper is unable to satisfy its creditworthiness obligations in the manner described in this Section 27(C), then for the time period the Section 27(C) Shipper is unable to demonstrate its satisfaction of the creditworthiness requirements under this Section 27(C), the Section 27(C) Shipper shall satisfy its creditworthiness obligation using one of forms of credit support described in Section 27(E) below. If the Section 27(C) Shipper subsequently becomes again able to satisfy its creditworthiness obligations in the manner described in this Section 27(C), the Section 27(C) Shipper may immediately do so.

(D) If at the time of the execution of this Agreement, Shipper and its parent entity(ies) are not rated by S&P and Moody’s (such Shipper is hereinafter referred to as a “Section 27(D) Shipper”), the Section 27(D) Shipper shall satisfy its creditworthiness obligations by passing the Net Worth Test.

If at any time thereafter during the term of this Agreement, a Section 27(D) Shipper is unable to pass the Net Worth Test, then for the time period the Section 27(D) Shipper is unable to pass the Net Worth Test, the Section 27(D) Shipper shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 27(E) below. If a Section 27(D) Shipper subsequently becomes again able to pass the Net Worth Test, the Section 27(D) Shipper will immediately satisfy its creditworthiness obligations.
If at any time during the term of this Agreement, a Section 27(D) Shipper and/or its parent entity become rated, the Section 27(D) Shipper shall thereafter be treated as if it or its parent entity, as applicable, had that rating at the time of execution of this Agreement, and the Section 27(D) Shipper shall thereafter be considered a Section 27(A) Shipper, a Section 27(B) Shipper or a Section 27(C) Shipper, depending on whether the Shipper meets the criteria for classification of a Section 27(A), (B) or (C) Shipper as of the day the Section 27(D) Shipper or its parent first becomes rated.

(E) If at the time of the execution of this Agreement or at any time thereafter during the term of this Agreement, Shipper is unable to satisfy its creditworthiness obligations in the manner set forth in the applicable Section 27(A) through 27(D) above, then Shipper shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (1) an irrevocable, unconditional guarantee of its obligations under this Agreement acceptable to Transporter, equal to three (3) years of the anticipated charges under this Agreement and issued by another person or entity which satisfies the creditworthiness standards set forth in section 27(A); or (2) an irrevocable letter of credit acceptable to Transporter equal to three (3) years of the anticipated charges under this Agreement (provided, however, that if Shipper’s aggregate MDQ is twenty-five thousand (25,000) Dth per day or less, then Shipper may satisfy its creditworthiness obligations by providing and maintaining an irrevocable letter of credit acceptable to Transporter equal to one (1) year of the anticipated charges under this Agreement); or (3) such other credit arrangements which are mutually agreed to by Transporter and Shipper, and which are accepted by Transporter on a nondiscriminatory basis (which may include a lesser posting requirement for certain limited quantities, provided such reduced posting requirements do not compromise the ability of Transporter to secure and maintain project financing).

(F) Upon request by Transporter, Shipper shall promptly provide evidence to Transporter of Shipper’s creditworthiness, as set forth above, which Transporter may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of Transporter’s debt securities.

(G) If any change in ratings or conditions requires Shipper to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, Shipper shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within thirty (30) days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

(H) Notwithstanding any statement to the contrary set forth elsewhere in this Section 27, Shipper shall at no time during the term of this Agreement be required to provide a guaranty or letter of credit in an amount exceeding the remaining anticipated charges under this Agreement.

27. Assignment. (i) Prior to the In-Service Date Shipper may assign all or a portion of its rights and obligations under this Agreement to any person, firm or corporation which shall succeed by purchase, merger, consolidation, sale or assignment to the interest, in whole or in part, in
properties that produce or will produce natural gas to be transported pursuant to this Agreement, provided (i) such person, firm or corporation satisfies the creditworthiness provisions set forth in this Agreement or (ii) Shipper continues to provide credit support which satisfies the creditworthiness provisions set forth in this Agreement for such person’s, firm’s or corporation’s obligations under this Agreement. In the event that Shipper partially assigns its rights and obligations hereunder, Transporter and Shipper agree to amend this Agreement to reflect such partial assignment and Transporter shall enter into a new Agreement with such third party in the same form as this Agreement, and subject to the applicability of the following sentence, containing the same terms, conditions, and rates, which reflects the portions of Shipper’s rights and obligations assigned. Following such assignment, if the capacity commitment of Shipper and/or such third party assignee are less than the level required to qualify for the negotiated rate (i.e., at least two hundred thousand (200,000) Dth per day but less than three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.885 per Dth and at least three hundred seventy-five thousand (375,000) Dth per day to qualify for a 100% load factor rate of $0.680 per Dth), the negotiated rate shall be adjusted to the level applicable to the level of Shipper’s and assignee’s capacity commitments. In addition, either Transporter or Shipper may assign their rights and obligations under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other financing arrangements, obligations or securities. In the event of such an assignment, the non-assigning party shall execute such consents or acknowledgements of the assignment as may be reasonably necessary to support the financing arrangements provided, however, that Shipper or Transporter shall not be required to provide in such consents or acknowledgements any rights materially different from those set forth in this Agreement. Other than as so provided herein, any other assignment by Transporter shall require the written consent of the Shipper, which consent shall not be unreasonably withheld.

(ii) After the In-Service Date, any assignment by Shipper of any of its rights and obligations under this Agreement shall be done in accordance with the assignment provisions of Transporter’s Tariff, provided such provisions are consistent with the totality of the provisions of Section 15 of the General Terms and Conditions of the proposed tariff as submitted by Transporter on January 27, 2009 as part of its original Section 7(c) Certificate Application to FERC (the “Original Section 15”). To the extent the final or amended Section 15 of the General Terms and Conditions of Transporter’s Tariff is inconsistent with the totality of the provisions of Original Section 15, Section 27(i) above shall govern all assignments, including assignments made after the In-Service Date.

(iii) After the In-Service Date, any transfer of capacity rights other than assignments as described in Section 27(i) and (ii) above, must be accomplished through the capacity release provisions of Transporter’s Tariff, including specifically the following: (i) Under any temporary capacity release Shipper shall remain responsible for payment of all Reservation Charges and applicable surcharges but shall receive a credit against any such obligations for amounts received from the Replacement Shipper; and (ii) Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders.
28. Efforts Regarding Approvals. Transporter agrees to work in good faith and exercise reasonably diligent efforts to: (i) obtain from all governmental and regulatory authorities having jurisdiction over the Ruby Pipeline (including but not limited to the FERC) the authorizations and/or exemptions Transporter determines are necessary for the construction and operation of the Ruby Pipeline and approval of Shipper’s negotiated rate and this Agreement; (ii) complete the construction of and have the Ruby Pipeline ready for service by no later than March 31, 2011; and (iii) provide Shipper, as conditioned herein, with firm transportation as set forth herein.

IN WITNESS WHEREOF, the parties have electronically executed or executed (choose as applicable) this Agreement.

TRANSPORTER:  

RUBY PIPELINE, L.L.C.

_________________________________
Thomas L. Price
Vice President

Date: ______________________________

SHIPPER:  

SHELL ENERGY NORTH AMERICA (US), L.P.

_________________________________
Beth Bowman
Sr. Vice President

Date: ______________________________

Issued on: June 24, 2011  Effective on: July 28, 2011
EXHIBIT A

to

FORM OF TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
SHELL ENERGY NORTH AMERICA (US), L.P. (Shipper)

DATED: February 26, 2010, amended and restated as of: November 1, 2010

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Receipt Point Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Receipt Point Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Williams Opal Plant</td>
<td>April 1, 2012, through March 31, 2013,</td>
<td>25,000</td>
<td>720</td>
<td>1000</td>
</tr>
<tr>
<td>Williams Opal Plant</td>
<td>April 1, 2013, through March 31, 2021</td>
<td>50,000</td>
<td>720</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Delivery Point Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Delivery Point Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>April 1, 2012, through March 31, 2013,</td>
<td>25,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure (Note 5)</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
<tr>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>April 1, 2013, through March 31, 2021</td>
<td>50,000</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure (Note 5)</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
</tr>
</tbody>
</table>
Notes:

1. Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter. Shipper may request a change in primary receipt and/or delivery points pursuant to Section 20.1 (b) of the Tariff. In the event Transporter is able to accommodate such request in accordance with the applicable provisions of the Tariff, and provided Transporter does not have to construct new facilities, Shipper shall pay the contract rates set forth in Exhibit B at the revised primary receipt and/or delivery points.

2. Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.

3. The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.

4. Pursuant to Section 18.1 of the General Terms and Conditions of Transporter’s FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter’s facilities against the pressure prevailing in Transporter’s system from time to time, provided that Shipper shall not be required to tend gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure. However, Shipper shall not be obligated to install, or to pay a third party to install, facilities to compress gas.

5. Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
SHELL ENERGY NORTH AMERICA (US), L.P. (Shipper)

DATED: February 26, 2010, amended and restated as of: November 1, 2010

The following data elements shall apply to transportation services under this Agreement:

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Negotiated Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Williams’ Opal Plant</td>
<td>California Gas Transmission at the Malin Hub Malin, OR</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Negotiated Reservation Rate (Note 4)</th>
<th>Commodity Rate</th>
<th>Term of Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other</td>
<td>All other</td>
<td>$28.8958</td>
<td>$0.00 subject to ¶ 21</td>
<td>See ¶ 9</td>
<td>(Note 1)</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
</tr>
</tbody>
</table>

NOTES:

(1) FL&U shall be as stated on Transporter’s Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 28, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 17 of the GT&C.
(3) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.

(4) See the attached “Most Favored Nation” Rate Adjustment Table

**Most Favored Nation Rate Table**

<table>
<thead>
<tr>
<th>Term of Contract (Years)</th>
<th>Under 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
<th>Under 375,000 Dth/day but at least 200,000 Dth/day Commitment 100% load factor rate ($/Dth/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 and less than 11</td>
<td>$0.950</td>
<td>$0.885</td>
</tr>
<tr>
<td>11 and less than 12</td>
<td>$0.936</td>
<td>$0.885</td>
</tr>
<tr>
<td>12 and less than 13</td>
<td>$0.922</td>
<td>$0.885</td>
</tr>
<tr>
<td>13 and less than 14</td>
<td>$0.908</td>
<td>$0.885</td>
</tr>
<tr>
<td>14 and less than 15</td>
<td>$0.894</td>
<td>$0.885</td>
</tr>
<tr>
<td>15 and less than 16</td>
<td>$0.880</td>
<td>$0.880</td>
</tr>
<tr>
<td>16 and less than 17</td>
<td>$0.866</td>
<td>$0.860</td>
</tr>
<tr>
<td>17 and less than 18</td>
<td>$0.852</td>
<td>$0.840</td>
</tr>
<tr>
<td>18 and less than 19</td>
<td>$0.838</td>
<td>$0.820</td>
</tr>
<tr>
<td>19 and less than 20</td>
<td>$0.824</td>
<td>$0.800</td>
</tr>
<tr>
<td>20 and less than 21</td>
<td>$0.810</td>
<td>$0.780</td>
</tr>
<tr>
<td>21 and less than 22</td>
<td>$0.796</td>
<td>$0.760</td>
</tr>
<tr>
<td>22 and less than 23</td>
<td>$0.782</td>
<td>$0.740</td>
</tr>
<tr>
<td>23 and less than 24</td>
<td>$0.768</td>
<td>$0.720</td>
</tr>
<tr>
<td>24 and less than 25</td>
<td>$0.754</td>
<td>$0.700</td>
</tr>
<tr>
<td>25 or greater</td>
<td>$0.740</td>
<td>$0.680</td>
</tr>
</tbody>
</table>
TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT
DATED: May 1, 2012

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

1. **Transporter:** RUBY PIPELINE, L.L.C.

2. **Shipper:** CASCADE NATURAL GAS CORPORATION

3. **Applicable Tariff:** Transporter’s FERC Gas Tariff Original Volume No. 1, as the same may be amended or superseded from time to time (“the Tariff”).

4. **Primacy of Tariff and Incorporation by Reference:** This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of Rate Schedule FT and the General Terms and Conditions of the Tariff (“GT&C”) as filed with, and made effective by, the FERC as same may change from time to time.

5. **Transportation Service:** Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at secondary receipt point(s) and/or secondary delivery point(s) shall be in accordance with the Tariff.

6. **Receipt and delivery points:** Shipper agrees to tender Natural Gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt point(s) identified in Exhibit A. Transporter agrees to provide transportation service and deliver Natural 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. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT and Section 4.13 of the GT&C. 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 Agreement:** Yes _____ No X

9. **Term of Agreement:** Beginning: May 1, 2012
   Extending through: October 31, 2037
   For capacity for the period between the months of November through April each year of the term described above.

10. A contractual right of first refusal shall not apply to this Agreement.

11. **Effect on Prior Agreement(s):** When this Agreement becomes effective, it shall supersede and cancel the following agreement(s) between the parties: Firm Transportation Service Agreement No. 61036000 dated January 9, 2012.

12. **Maximum Delivery Quantity ("MDQ"):** Winter.

<table>
<thead>
<tr>
<th>MDQ (Dth/d)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000</td>
<td>11/01/12 – 10/31/37</td>
</tr>
</tbody>
</table>

Issued on: April 27, 2012
Effective on: May 28, 2012
13. **Notices, Statements, and Bills:**

   **To Shipper:**
   
   **Invoices for Transportation:**
   
   Cascade Natural Gas Corporation  
   8113 W. Grandridge Blvd.  
   Kennewick, WA 99336  
   Attn: Manager, Gas Supply

   **All Notices:**
   
   Cascade Natural Gas Corporation  
   8113 W. Grandridge Blvd.  
   Kennewick, WA 99336  
   Attn: Manager, Gas Supply

   **To Transporter:** See “Points of Contact” in the Tariff.

14. **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.

15. **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.

16. **Recovery for Carbon Tax and Greenhouse Gas Costs:** Transporter and Shipper agree that, except as otherwise expressly provided in this Section 16, and subject at all times to FERC's approval of the particular costs, cost recovery mechanism(s) and manner of recovery in question, it is their mutual intent that Transporter shall be entitled to recovery of Greenhouse Gas Emissions Costs incurred by Transporter attributable of natural gas transported for Shipper. As used herein “Greenhouse Gas Emissions Costs” means (i) the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on Transporter, (ii) the cost of any greenhouse gas mitigation efforts, including the costs of credits and offsets, that Transporter incurs to comply with any greenhouse gas laws, rules or regulations with respect to the Ruby Pipeline, and/or (iii) costs incurred under a voluntary program of greenhouse gas mitigation. If (i) Transporter is unsuccessful in having the FERC-approved Greenhouse Gas Emissions Costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers on the Ruby Pipeline, and (ii) such amounts are recoverable only through Transporter's FERC-approved recourse rates, and (iii) the amount recovered through the recourse rates does not provide Transporter with full recovery of the Greenhouse Gas Emissions Costs incurred by it, then Shipper will agree to modify its discounted reservation rate under this Agreement by the same amount that Transporter's maximum reservation rate under Rate Schedule FT has been increased as a result of such costs.

17. **Termination Right:** If any aspect of this Agreement is determined to trigger the “Most Favored Nations” rate provisions of any other shipper’s transportation agreement(s) with Transporter, then this Agreement shall become null and void ab initio and Transporter and Shipper shall take all steps necessary to execute an alternative form of Agreement placing the Transporter and Shipper into equivalent economic and operational positions without affecting said “Most Favored Nations” provisions. In addition, if any aspect of this Agreement is determined to be an unacceptable material deviation from the form of Transportation Service Agreement contained in the Ruby Tariff, Transporter and Shipper agree to take all steps necessary to execute an alternative form of Agreement placing the Transporter and Shipper into equivalent economic and operational positions in a manner acceptable to the FERC.
IN WITNESS WHEREOF, the parties have executed this Agreement.

TRANSPORTER:

RUBY PIPELINE, L.L.C.

By ______________________________

Thomas L. Price
Vice President, Marketing

SHIPPER:

CASCADE NATURAL GAS CORPORATION

By ______________________________

Dennis L. Haider
Executive Vice President,
Gas Supply and Business Development

Issued on: April 27, 2012
Effective on: May 28, 2012
EXHIBIT A

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
CASCADE NATURAL GAS CORPORATION (Shipper)

DATED: May 1, 2012

Shipper's Maximum Delivery Quantity ("MDQ"): See Paragraph 12

<table>
<thead>
<tr>
<th>Primary Receipt Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Receipt Point Quantity (Dth per Day) (Note 2)</th>
<th>Minimum Pressure p.s.i.g. (Note 4)</th>
<th>Maximum Pressure p.s.i.g. (Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearl Creek (PRL)</td>
<td>See ¶ 9</td>
<td>See ¶ 12</td>
<td>720</td>
<td>1,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Delivery Point(s) (Note 1)</th>
<th>Effective Dates</th>
<th>Primary Delivery Point Quantity (Dth per Day) (Note 3)</th>
<th>Minimum Pressure p.s.i.g. (Note 5)</th>
<th>Maximum Pressure p.s.i.g. (Note 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turquoise Flats (TQF)</td>
<td>See ¶ 9</td>
<td>Pressure sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time, but not in excess of the Maximum Delivery Point Pressure</td>
<td>921 p.s.i.g. at the pressure transmitter at the point of custody transfer</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

(1) Information regarding receipt and delivery point(s), including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's Electronic Bulletin Board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter.

(2) Each receipt point quantity may be increased by an amount equal to Transporter's FL&U percentages. Shipper shall be responsible for providing FL&U 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 Transportation Service Agreement.
Notes: (Cont.)

(3) The sum of the delivery quantities at all delivery point(s) shall not exceed Shipper's MDQ.

(4) Pursuant to Section 18.1 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter's facilities against the pressure prevailing in Transporter's system from time to time, provided that Shipper shall not be required to tender gas at a pressure in excess of the amount listed as the Minimum Receipt Point Pressure. Shipper may not tender gas at a Point of Receipt at a pressure greater than the Maximum Receipt Point Pressure.

(5) Minimum and Maximum Delivery Point Pressures. Transporter shall tender Gas at the delivery point(s) at pressures sufficient to affect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the Maximum Delivery Point Pressure.
EXHIBIT B

to

TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE FT

between

RUBY PIPELINE, L.L.C. (Transporter)
and
CASCADE NATURAL GAS CORPORATION (Shipper)

DATED: May 1, 2012

<table>
<thead>
<tr>
<th>Primary Receipt Point(s)</th>
<th>Primary Delivery Point(s)</th>
<th>Term of Rate</th>
<th>Reservation Rate</th>
<th>Commodity Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearl Creek (PRL)</td>
<td>Turquoise Flats (TQF)</td>
<td>See ¶ 9</td>
<td>$22.8125 (Note 1)</td>
<td>Maximum Rates</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
<td>(Note 4)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Receipt Point(s)</th>
<th>Secondary Delivery Point(s)</th>
<th>Term of Rate</th>
<th>Reservation Rate</th>
<th>Commodity Rate</th>
<th>Fuel</th>
<th>Surcharges</th>
<th>Electric Power Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>All</td>
<td>See ¶ 9</td>
<td>$22.8125 (Note 1)</td>
<td>Maximum Rates</td>
<td>(Note 2)</td>
<td>(Note 3)</td>
<td>(Note 4)</td>
</tr>
</tbody>
</table>

Notes:
1. As provided in Section 4.13 of the GT&C of Transporter's Tariff, the parties agree to the described discounted rate. The rate charged under this Agreement shall not be less than the minimum, nor greater than the maximum rate provided in Transporter’s Tariff.
2. FL&U shall be as stated on Transporter's Statement of Rates in the 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, as it may be changed from time to time, unless otherwise agreed to by the parties. If any greenhouse gas costs are imposed pursuant to GT&C Section 29, Shipper shall pay such tax or costs through an additional surcharge. Such surcharges are in addition to any taxes or assessments Shipper is required to pay pursuant to Section 24 of the GT&C.
4. EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
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