

MIDWESTERN GAS TRANSMISSION COMPANY
OPERATIONAL BALANCING AGREEMENT
(For Aggregator at Delivery Points)

This Agreement dated and effective _____, _____ by and between MIDWESTERN GAS TRANSMISSION COMPANY (Company) and _____ (Balancing Party). Company and Balancing Party shall be referred to collectively herein as "Parties."

WITNESSETH:

WHEREAS, Company transports natural gas to the Delivery Point(s) specified in Exhibit A attached hereto (Delivery Points) and Balancing Party receives such gas from Company; and

WHEREAS, the gas actually delivered to the Delivery Points is at times different than the quantities scheduled to be transported by Company to those point(s) ("Scheduled Quantities"); and

WHEREAS, Company and Balancing Party desire to aggregate all quantities delivered at all of the Delivery Points for balancing purposes and to allocate natural gas delivered at the Delivery Point(s) based upon Scheduled Quantities and to allocate any difference between such Scheduled Quantities and actual deliveries at the Delivery Point(s) (Operational Imbalance) to this Agreement; and

WHEREAS, Company and Balancing Party desire to resolve the Operational Imbalances in subsequent periods in accordance with Company's Rate Schedule LMS-MA; and

WHEREAS, Company and Balancing Party desire to implement operating rules designed to encourage conduct that maintains Company's system balance in a manner that facilitates the movement of gas for transportation purposes; and

WHEREAS, Balancing Party has been given authority to perform balancing and scheduling at the Delivery Points on Exhibit A attached on behalf of the Third Parties listed on Exhibit A;

NOW, THEREFORE, Company and Balancing Party covenant and agree as follows:

ARTICLE 1 - DEFINITIONS

The definitions found in Section 1 of Company's General Terms and Conditions are incorporated herein by reference.

ARTICLE 2 - NOMINATIONS AND CONFIRMATIONS

2.1 Confirmation of Nominations - Prior to the beginning of the month in which service is to commence, Balancing Party shall confirm the quantities nominated to be transported by Company to the Delivery Point(s) commencing on the first day of the month following the confirmation. The quantities confirmed through this process shall become the Scheduled Quantities. Any modification to such scheduled Quantities shall be reconfirmed by Balancing Party prior to the commencement of the revised service. Company shall notify Balancing Party of any problems regarding the scheduling of gas in accordance with confirmations hereunder within one Business Day after such

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ARTICLE 2- NOMINATIONS AND CONFIRMATIONS
(Continued)

confirmation, unless mutually agreed to otherwise. Balancing Party shall notify Company of any errors in the Scheduled Quantities within two Business Days of receipt of such information from Company. If Balancing Party fails to confirm the quantities to be transported and/or purchased at any Delivery Point(s) in accordance with the above, and such failure continues for two Business Days or more (whether or not such days are consecutive) after 24 hours written notice to the Balancing Party by Company for each occurrence of Balancing Party's failure to confirm, then such affected Delivery Point(s) shall be deleted from Exhibit A upon written notice from Company at the end of that calendar month.

- 2.2 Allocations Based on Scheduled Quantities - The Parties intend that the quantity actually delivered at the Delivery Point(s) will equal the Scheduled Quantities. Balancing Party shall use all reasonable efforts to ensure that the quantities actually delivered at the Delivery Point(s) equal the Scheduled Quantities. Unless prohibited by applicable law or regulation, all gas delivered by Company shall be allocated each day based upon the Scheduled Quantities or by such other methods as may be mutually agreed to by both Parties.
- 2.3 Allocation of Variances - The difference on any day between the Scheduled Quantities and the actual quantity delivered at the Delivery Point(s) shall be the Daily Variance and shall be allocated to this Agreement. The difference between the sum of the Scheduled Quantities during a calendar month and the total actual quantity delivered at the Delivery Point(s) during the calendar month shall be the Monthly Operational Imbalance. Any Operational Imbalances will be resolved in accordance with Article 3.
- 2.4 Unauthorized Overruns - On any day that Balancing Party takes gas in excess of the Daily Limit applicable to a Delivery Point, Balancing Party shall be subject to an Unauthorized Overrun Charge of fifteen (\$15.00) for each Dekatherm of excess volumes taken beyond a 2 percent allowable variation. The Daily Limit shall be posted in an Operational Flow Order issued pursuant to Section 8 of Company's General Terms and Conditions.
- 2.5 Reports on Actual Deliveries - Should Company not have the ability to monitor actual deliveries at the Delivery Point on a daily basis, Balancing Party shall provide to Company the best available information compiled on a daily basis on the actual deliveries at such Delivery Point(s) within two Business Days after the date of delivery.

Furthermore, the Balancing Party shall provide meter statements within three (3) Business Days after the close of a month at any Delivery Point(s) where Company does not operate the meter. If the Balancing Party does not provide such information or meter statements at any Delivery Point(s), or the information provided contains significant inaccuracies as reasonably determined by Company, and such conditions continue for fifteen days or more (whether or not such days are consecutive) after the first notice to the Balancing Party, then such Delivery Point(s) will be deleted from Exhibit A upon written notice from Company at the end of that calendar month. Any Delivery Point that is deleted from this Agreement in accordance with this Section, may be added to Exhibit A in the future if the Parties mutually agree.

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ARTICLE 3 - CORRECTION OF OPERATIONAL IMBALANCES

- 3.1 Corrections in Flow Rates During A Day - Balancing Party will be able to request adjustments to actual deliveries at its Delivery Points at any time during the production day by coordinating with Company's gas dispatchers. Company will use reasonable efforts to deliver those changed quantities when the operating conditions on Company's system permits, taking into consideration the nominations made by firm Shippers on Company's system.
- 3.2 Corrections During the Month - Estimated metered quantities, or actual metered quantities where available, may be used by Company for purposes of adjustments under this Section on a daily basis during the Production Month to determine the estimated Operational Imbalance at all of the Delivery Point(s). Company shall make the estimated Daily Variances and Monthly Operational Imbalance at each Delivery Point available to Balancing Party on or before the third Business Day after each production day. Company or Balancing Party may make adjustments in nominations and actual deliveries upon 24 hours notice by making imbalance make up nominations pursuant to this Agreement and in accordance with the applicable provisions of Company's Tariff. Any such adjustments will offset pre-existing imbalances accrued during the month.
- 3.3 Corrections In Subsequent Periods - As soon as practical following the close of each month, Company will send Balancing Party a statement setting forth the accrued Daily Variances and the Monthly Operational Imbalance existing at the end of the prior month. Any Monthly Operational Imbalance shall be resolved in cash in accordance with Rate Schedule LMS-MA, unless the Parties mutually agree otherwise.
- 3.4 Measurement of Operational Imbalance - Any gas received or delivered pursuant to this Agreement to correct an Operational Imbalance shall be adjusted for variation in Btu content. Measurement of gas for all purposes shall be in accordance with Company's FERC Gas Tariff.
- 3.5 Operational Integrity - Nothing in this Article 3 shall limit Company's right to take action as may be required to adjust deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

ARTICLE 4 - TERM

- 4.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force from _____, 20____, for a primary term of one month and shall continue thereafter on a month-to-month basis unless canceled by either Party upon thirty days' prior written notice with the termination to be effective at the end of a calendar month. Notwithstanding the above, if any material problems arise as a result of the provisions of this Agreement, then the Parties will enter good faith negotiations to amend this Agreement to resolve such problems. If the Parties are unable to resolve such problems as a result of such negotiations, then either Party may terminate this Agreement upon forty-eight (48) hours prior written notice, with the termination to be effective at the end of a calendar month.
- 4.2 Continuing Obligations - Following the termination of this Agreement, any remaining Operational Imbalance shall be resolved in cash in accordance with Rate Schedule LMS-MA of Company's FERC Gas Tariff, unless the Parties mutually agree otherwise.

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ARTICLE 4 - TERM
(Continued)

- 4.3 This Agreement will terminate automatically in the event that Balancing Party fails to pay the entire amount of any bill for service rendered by Company hereunder in accordance with the General Terms and Conditions of Company's Tariff.

ARTICLE 5 - IMBALANCE CHARGES

- 5.1 Current Charges - Commencing upon the date of execution, the rates, charges, and surcharges to be paid by Balancing Party to Company shall be in accordance with Company's Rate Schedule LMS-MA and the General Terms and Conditions of Company's FERC Gas Tariff.
- 5.2 Incidental Charges - Balancing Party agrees to reimburse Company for any filing or similar fees, which have not been previously paid for by Balancing Party, which Company incurs in rendering service hereunder.
- 5.3 Changes in Rates and Charges - Balancing Party agrees that Company shall have the unilateral right to file with the appropriate regulatory authority and make effective changes in (a) the rates and charges applicable to service pursuant to Company's Rate Schedule LMS-MA, (b) the rate schedule(s) pursuant to which service hereunder is rendered, or (c) any provision of the General Terms and Conditions applicable to those rate schedules. Company agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Company's existing FERC Gas Tariff as may be found necessary to assure Company just and reasonable rates.

ARTICLE 6 - MISCELLANEOUS

- 6.1 Warranties - Balancing Party warrants (i) that as to any gas that it delivers or causes to be delivered to Company hereunder to correct an Operational Imbalance, and (ii) that it will at the time of delivery have the right to deliver or cause to be delivered such gas; (iii) that it has the right to allocate all deliveries from the Delivery Points in accordance with this Agreement, and (iv) that it will indemnify and save Company harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas hereunder. Balancing Party represents and warrants to Company that all requisite authorizations, if any, have been obtained as to any gas that Balancing Party delivers or causes to be delivered hereunder and represents that all Delivery Points covered by this Agreement will have not a Maximum Daily Quantity from the Company's system exceeding 10,000 Dekatherms.
- 6.2 Governing Bodies - This Agreement shall be subject to all applicable laws, federal or state, and to all applicable rules and regulations of any duly authorized federal, state, or other government agency having jurisdiction over the transactions described herein. THE INTERPRETATION AND PERFORMANCE OF THIS CONTRACT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF OKLAHOMA, WITHOUT REGARD TO THE DOCTRINES GOVERNING CHOICE OF LAW.
- 6.3 Waivers - No waiver by either Party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of different character.

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ARTICLE 6 - MISCELLANEOUS
(Continued)

- 6.4 Invoicing and Payments - Company shall bill and Balancing Party shall pay for the correction of Operational Imbalances in cash in accordance with the General Terms and Conditions specified in Company's FERC Gas Tariff.
- 6.5 Incorporation of Tariff - Unless otherwise stated herein, Rate Schedule LMS-MA and the General Terms and Conditions specified in Company's FERC Gas Tariff are incorporated as part of this Agreement.
- 6.6 Notices - Except as otherwise expressly provided in this Agreement or the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and mailed to the Party's address shown on Exhibit A hereto or such other address as either Party may designate by written notice to the other.
- 6.7 Conflicts - If there is any conflict or discrepancy between this Agreement and any other Agreement between Company and Balancing Party with regard to allocations of deliveries at Delivery Points, the terms of this Agreement shall govern and control. If there is any conflict of discrepancy between this Agreement and Rate Schedule LMS-MA, the terms of Rate Schedule LMS-MA shall govern. If there is any conflict or discrepancy between this Agreement and the General Terms and Conditions specified in Company's FERC Gas Tariff, the General Terms and Conditions shall govern.
- 6.8 Except for changes specifically authorized pursuant to this Agreement, no modification of or supplement to the terms and conditions hereof shall be or become effective until Balancing Party has submitted a request for change and Balancing Party has been notified of Company's agreement to such change.

The Parties' signatures below will evidence their agreement to this Operational Balancing Agreement.

MIDWESTERN GAS TRANSMISSION COMPANY

BY: _____

TITLE: _____

Balancing Party

BY: _____

TITLE: _____

