

MIDWESTERN GAS TRANSMISSION COMPANY
OPERATIONAL BALANCING AGREEMENT FOR PIPELINES
(For Use at Interconnections with Interstate Pipelines)

This Agreement is entered into this ____ day of _____, 20____ by and between MIDWESTERN GAS TRANSMISSION COMPANY ("Company") and ____ ("Pipeline"). Company and Pipeline shall be referred to herein as "Parties."

WITNESSETH:

WHEREAS, the facilities operated by Company and by Pipeline interconnect at the "Interconnection Point(s)" specified on Exhibit A attached hereto:

WHEREAS, Pipeline and Company either receive gas delivered at the Interconnection Point(s), or deliver gas received at the Interconnection Point(s), and Pipeline and Company have entered into agreements with others (hereinafter "Shipper Agreements") whereby such Shippers cause gas to be delivered or received at the Interconnection Points.

WHEREAS, the Pipeline will provide 24 hour a day, 365 day a year dispatch and has the resources to alter the flow at the Receipt and/or Delivery Points; and

WHEREAS, the Receipt and/or Delivery Points are subject to flow control and the flow is measured and reported through equipment meeting Electronic Custody Transfer Standards.

NOW, THEREFORE, Pipeline and Company 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 first day of each month, the Parties shall reconcile and confirm electronically or in writing the transportation nominations received by each from Shippers for whom the Parties would deliver or receive gas at the Interconnection Point(s). The quantities determined through this reconciliation and confirmation shall be the "Scheduled Quantities". Any changes to such Scheduled Quantities shall be effective only if agreed to electronically or in writing by both Parties. Such communication regarding changes shall be in a form mutually agreeable to the Parties. Nominations received pursuant to the Shipper Agreements shall be confirmed electronically or orally with subsequent confirmation in writing or as otherwise mutually agreed to by both Parties.

2.2 Allocations Based on Scheduled Quantities - The Parties intend that the quantity actually delivered and received each day at the Interconnection Point(s) will equal the Scheduled Quantities. Each Party will allocate quantities that are to be delivered and received at the Interconnection Point(s) among the Shipper Agreements and/or the Party's respective Shippers commensurate with the Scheduled Quantities for each transaction. Any imbalance created when the actual physical flow is different than the Scheduled Quantities will be the "Operational Imbalance", which will be the responsibility of the Parties to eliminate pursuant to this Agreement.

ARTICLE 3 - CORRECTION OF OPERATIONAL IMBALANCES

3.1 Corrections in Flow Rates During a Day - The Parties will be able to request adjustments to actual deliveries or receipts at any time during the production day by coordination between the Parties' gas dispatchers. Each Party will use reasonable efforts to deliver or receive those changed quantities when the operating conditions on each Party's system permits, taking into consideration the nominations made by firm Shippers on each Party's system. In the event that an Interconnection Point(s) is unable to achieve the scheduled flow rate, the Parties agree that swift corrective action will be taken.

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- 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 each Interconnection Point(s). Physical flow adjustments will be made for daily imbalances within 72 hours of notice by Company unless mutually agreed to otherwise. Company shall make the estimated Daily and Monthly Operational Imbalance at each delivery or receipt meter available to Pipeline on or before the third Business Day after each production day. In the event that a capacity constraint occurs on either Party's pipeline system that results in curtailment of quantities through an Interconnection Point(s), the Party on whose system the constraint has occurred shall determine the reallocation of quantities to the Shippers. Such change in allocation shall be confirmed electronically or in writing pursuant to the provisions of Article 2 above. If the constraint occurs at an Interconnection Point, the Party that operates the meter at an Interconnection Point shall be deemed to have the constraint on its system. To the extent that a Pipeline has a record of not meeting its balancing obligations, (i.e., in-kind, make-up within 72 hours); Company will have a right to terminate this Agreement upon 30 days' notice.
- 3.3 Corrections In Subsequent Periods - The physical flow at each Interconnection Point each month will be determined and communicated by Company to Pipeline electronically or in writing as soon as possible during the month following the month in question. The Parties agree to "in kind" balancing between the pipelines when the imbalance at the end of the month is within 1 percent of the total monthly Scheduled Quantities at the meter. Any "in kind" imbalance carried over from the prior month will become part of the current Monthly Imbalance. Any imbalance existing at the time of the implementation of a new Pipeline Operational Balancing Agreement will be held separately and settled independently. When the Monthly Imbalance is greater than 1 percent of the monthly Scheduled Quantities at the meter, the entire imbalance will be cashed out in accordance with Rate Schedule LMS-PA in Company's FERC Gas Tariff, unless the imbalance was caused by failure of Company to adjust flow control at the meter, or unless the Parties agree otherwise.
- 3.4 Measurement of Operational Imbalance - Measurement of gas for all purposes shall be in accordance with Company's FERC Gas Tariff.
- 3.5 Operational Integrity - Nothing in this Article 2 shall limit a Party'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

Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force and effect from the date hereof for a primary term of _____ year(s) and shall continue thereafter on a month-to-month basis unless terminated by either Party giving thirty days' 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 into 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.

ARTICLE 5 - MISCELLANEOUS

- 5.1 Warranties - Pipeline warrants that as to any gas that it delivers to causes to be delivered to Company hereunder to correct an Operational Imbalance (i) that it will at the time of delivery have the right to deliver or cause to be delivered such gas: (ii) that it has the right to allocate all deliveries from the Interconnection Points in accordance with this Agreement, and (iii) that it will indemnify and save Company harmless from suits, actions, debts, accounts, damages, cost, 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. Pipeline represents and warrants to Company that all requisite authorizations, if any, have been obtained as to any gas that Pipeline delivers or causes to be delivered hereunder.

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- 5.2 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 choice of law doctrine that refers to the laws of another state.
- 5.3 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.
- 5.4 Invoicing and Payments - If required, the Parties shall invoice and pay for the correction of Operational Imbalances in cash in accordance with Sections 5 and 6, respectively, of the General Terms and Conditions specified in Company's FERC Gas Tariff.
- 5.5 Incorporation of Tariff - Unless otherwise stated herein, the General Terms and Conditions specified in Company's FERC Gas Tariff are incorporated as part of this Agreement.
- 5.6 Notices - Except as otherwise 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 the Party's address shown on the attached Exhibit A or such other address as either Party may designate by written notice to the other.
- 5.7 Conflicts - If there is any conflict or discrepancy between this Agreement and any other Agreement between Company and Pipeline with regard to allocations at Interconnects Points, the terms of this Agreement shall govern and control.

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

MIDWESTERN GAS TRANSMISSION COMPANY

BY: _____

TITLE: _____

_____ (Pipeline)

BY: _____

TITLE: _____

MIDWESTERN GAS TRANSMISSION COMPANY
OPERATIONAL BALANCING AGREEMENT FOR PIPELINES
EXHIBIT A

To the Operational Balancing Agreement for Pipelines
Between Midwestern Gas Transmission Company ("Company")
and _____ ("Pipeline")
Dated _____, _____

Location Code(s)

Notice(s) shall be provided in accordance with Subsection 11.1 of the General
Terms and Conditions of Company's FERC Gas Tariff.

MIDWESTERN GAS TRANSMISSION COMPANY

BY: _____

TITLE: _____

_____ (Pipeline)

BY: _____

TITLE: _____