

# GENERAL TERMS AND CONDITIONS FOR DAY TRADE INTERRUPTIBLE CONTRACT

## SECTION 1. PURPOSE AND PROCEDURES

1.1. The purpose of the Contract formed by the following procedure is to facilitate trade, avoid misunderstandings and make more definite the terms of contracts for the purchase and sale of natural gas. It is intended for Interruptible transactions of one month or less, and as a default agreement in the event the parties do not have an effective written agreement in place. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas.

1.2. The parties shall use the following contracting procedure. Any Gas purchase and sale transaction shall be effectuated in a telephone conversation (which may be recorded by either or both parties or documented in writing within two business days of the telephone conversation) with the offer and acceptance constituting the agreement of the parties. The Contract shall incorporate these General Terms and Conditions when, during an oral transaction conversation, the term "DAY TRADE INTERRUPTIBLE CONTRACT" or "GISB DAY CONTRACT" is invoked and expressly agreed upon between the parties. The parties shall be legally bound from the time they agree to incorporate these General Terms and Conditions and to the other transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed".

1.3. If the parties have another base agreement in place between them for the Interruptible purchase and sale of Gas, such other base agreement shall be presumed to govern any transaction agreed between the parties, unless expressly rejected in favor of this "GISB DAY CONTRACT".

## SECTION 2. DEFINITIONS

2.1. "British thermal unit" or "Btu" shall have the meaning ascribed to it by the Receiving Transportation Service Provider (TSP).

2.2. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.

2.3. "Contract" shall mean the legally-binding relationship established by orally invoking and expressly agreeing to the term "DAY TRADE INTERRUPTIBLE CONTRACT" or "GISB DAY CONTRACT" during an oral conversation establishing the terms for the sale and purchase of Gas.

2.4. "Contract Price" shall mean the price per MMBtu dry.

2.5. "Contract Quantity" shall mean the quantity of Gas to be delivered and received.

2.6. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as stated by the Receiving TSP for a particular transaction.

2.7. "Delivery Period" shall mean the date(s) and duration during which Gas deliveries are to be made.

2.8. "Delivery Point(s)" shall mean the designated location(s) where Seller delivers and Buyer receives Gas.

2.9. "Gas" shall mean any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane.

2.10. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a TSP for failure to satisfy the TSP's balance and/or nomination requirements.

2.11. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3. related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by TSP.

2.12. "MMBtu" shall mean one million British thermal units which is equivalent to one dekatherm.

2.13. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.14. "Receiving Transporter" shall mean the TSP receiving Gas at a Delivery Point, or absent such receiving TSP, the TSP delivering Gas at a Delivery Point(s).

2.15. "Scheduled Gas" shall mean the quantity of Gas confirmed by TSP(s) for movement, transportation or management.

2.16. "TSP(s)" shall mean all Gas gathering or pipeline companies, or local Gas distribution companies, acting in the capacity of a TSP, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point(s).

## SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms herein. Sales and purchases shall be on an Interruptible basis only.

3.2. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER THE CONTRACT, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR OTHERWISE, FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES.

## SECTION 4. TRANSPORTATION, NOMINATIONS AND IMBALANCES

4.1. Seller shall have responsibility for transporting the Gas to the Delivery Point(s) and for delivering such Gas at a pressure sufficient to effect such delivery but not to exceed the maximum operating pressure of the Receiving TSP. Buyer shall have responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected TSP(s). Each party shall give the other party timely prior notice, sufficient to meet the requirements of all TSP(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a TSP that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges.

If the Imbalance Charges were incurred as a result of Buyer's actions or inactions (which shall include, but shall not be limited to, Buyer's failure to accept quantities of Gas equal to the Scheduled Gas), then Buyer shall pay for such Imbalance Charges, or reimburse Seller for such Imbalance Charges paid by Seller to the TSP. If the Imbalance Charges were incurred as a result of Seller's actions or inactions (which shall include, but shall not be limited to, Seller's failure to deliver quantities of Gas equal to the Scheduled Gas), then Seller shall pay for such Imbalance Charges, or reimburse Buyer for such Imbalance Charges paid by Buyer to the TSP.

## **SECTION 5. QUALITY AND MEASUREMENT**

All Gas delivered by Seller shall meet the quality and heat content requirements of the Receiving TSP. The unit of quantity measurement for purposes herein shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving TSP.

## **SECTION 6. TAXES**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at and after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

## **SECTION 7. BILLING, PAYMENT AND AUDIT**

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing shall be prepared based on the quantity of Scheduled Gas. The invoiced quantity shall then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due in the manner specified on the invoice, in immediately available funds, on or before the later of the 25 day of the month following the month of delivery or 10 days after receipt of the invoice by Buyer; ("Payment Date") provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. If Buyer fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by *The Wall Street Journal*, plus two percent per annum from the date due until the date of payment; or (ii) the maximum applicable lawful interest rate. If Buyer, in good faith, disputes the amount of any such statement or any part thereof, Buyer shall pay to Seller such amount as it concedes to be correct; provided, however, if Buyer disputes the amount due, Buyer must provide supporting documentation acceptable in industry practice to support the amount paid or disputed.

7.3. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with Section 7.2. above.

7.4. A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine the books and records of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made herein. This examination right shall not be available with respect to proprietary information not directly relevant to transactions under the Contract. All invoices and billings shall be conclusively presumed final and accurate unless objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7. shall be paid in full by the party owing payment within 30 days of notice and substantiation of such inaccuracy.

## **SECTION 8. TITLE, WARRANTY AND INDEMNITY**

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it shall have the right to convey and shall transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims, including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8., as between Seller and Buyer, Seller shall be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

## **SECTION 9. TERM**

These General Terms & Conditions shall remain in effect during the applicable Delivery Period. The rights of either party pursuant to Section 7.4., the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Contract.

## **SECTION 10. MISCELLANEOUS**

10.1. If any provision of this Contract is determined to be invalid or unenforceable by any court having jurisdiction, such determination shall not invalidate or make unenforceable any other provision of this Contract.

10.2. Each party reserves to itself all rights, set-offs, counterclaims, and other defenses to which it is entitled. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

10.3. There is no third party beneficiary to this Contract.