

2
4 OPERATIONAL BALANCING AGREEMENT
between

6 _____
and
8 _____

10 THIS AGREEMENT ("OBA" or "Agreement") made and entered into by and between
12 | _____ ("_____"), a _____ with offices at
14 | _____ and _____ ("_____"), a _____
with offices at _____ (collectively the "Parties" or individually as "Party"), this ____ day
of _____, _____ 1998.

16
18 WITNESSETH

20 | WHEREAS, the facilities operated or to be operated by _____ and
interconnect at a location point or location points specified in the Exhibit 1
22 | attached hereto and incorporated herein by this reference (hereinafter referred to as
"Interconnect Location Point," whether one or more); and

24 | WHEREAS, _____ and/or _____ (at times hereinafter referred to as
the "Parties" or individually as a "Party") have entered into one or more agreements with third
26 | party Service Requester shippers (hereinafter referred to as "Service Requester Shipper" or
"Service Requester Shippers") for the transportation of gas to or from the Interconnect
28 | Location Point on their respective systems (said agreements hereinafter referred to as "Service
Requester Shipper Agreements"); and

30 | WHEREAS, from time to time, the quantities of gas confirmed by _____ and
32 | scheduled by the parties _____ to be delivered to or received from the Interconnect
Location Point (said quantities hereinafter referred to as the "Scheduled Quantities") may be
34 | greater or lesser than the quantities of gas which are actually delivered at the Interconnect
Location Point, resulting in ~~inadvertent over-or~~ under-deliveries relative to Scheduled
36 | Quantities; and

38 | WHEREAS, the Parties desire to implement an operational balancing agreement in
order to facilitate more efficient operations, accounting, and systems management at the
40 | Location Interconnect Point and on the Parties' respective systems.

42 | [Additional WHEREAS clauses as necessary]

44 | NOW, THEREFORE, in consideration of the premises and mutual covenants contained
herein, the Parties agree as follows:

46 | 1. Prior to the effective date and time of flow at each Location, the Parties shall confirm and
48 | schedule nominations which will be delivered or received at each Location. ~~of Shipper nominations at~~

50 each Interconnect Point, the Parties shall _____¹ nominations received by each
51 Party from Shippers for whom the Parties will be delivering or receiving gas at that point. Such
52 _____² between the Parties shall be made _____,³
53 unless otherwise mutually agreed to by the Parties.

54 2. The Parties intend that the quantity~~volume~~ of gas actually delivered and
55 received each day at each Location~~Interconnect Point~~ will equal the Scheduled
56 Quantities for that location~~point~~. Each Party will allocate quantities~~volumes~~
57 which ~~have been~~are to be delivered and received at each Location~~Interconnect~~
58 Point among the Service Requester~~Shipper~~ Agreements on its system pursuant
59 to the Scheduled Quantities~~quantities~~ scheduled at such locations~~points~~. Any
60 Operational Imbalance created, when the actual physical flow is different than
61 the Scheduled Quantities ~~(on a monthly basis)~~, will be the "Operational
62 Imbalance," which will be the responsibility of the Parties to eliminate pursuant
63 to this Agreement.

64 3. ~~[OPTIONAL PROVISION: Parties may eEstablish a a maximum Operational~~
65 ~~Imbalance and procedures for immediate or accelerated resolution if such~~
66 ~~maximum is reached, maximum cumulative Operational Imbalance and~~
67 ~~procedures for immediate or accelerated resolution if maximum reached.]~~

70 4. Estimated operating quantities flowing at each Location~~Interconnect Point~~ shall
71 be used _____⁴ during any current period~~month~~ to
72 determine the estimated Operational Imbalance at such Location~~Interconnect~~
73 Point, with physical flow adjustments to be made during that current
74 period~~month~~ as mutually agreed to by both Parties to attempt to maintain or
75 achieve an Operational Imbalance of zero at such point; provided, however,
76 _____⁵.

78 5. a. The actual measured quantity of gas at the Location~~Interconnection Point~~
79 each month shall be determined and communicated by the measuring Party
80 ("Measurement Party") by facsimile, electronic interface system or in writing to

1 Possible inserts include but are not limited to, for example: "reconcile and confirm", "discuss", or "verify".

2 See footnote 1.

3 Possible inserts include but are not limited to, for example "verbally", "verbally with subsequent confirmation in writing", "in writing" or "electronically".

4 Possible inserts include but are not limited to, for example: "on a daily basis" or it may be left blank.

5 Possible inserts include but are not limited to, for example: whatever the parties agree upon for rescheduling during the period~~month~~.

82 the other Party in accordance with GISB Standard 2.3.7. The actual measured
84 quantity shall be determined pursuant to the applicable provisions of the
Measurement Party's Tariff or applicable measurement procedures. Operational
86 Imbalances shall be calculated initially by Measurement Party and shall be
agreed to _____⁶ in writing by the Parties prior to the ____ day of
such ~~period~~ month.

88 b. Operational imbalances shall be resolved as follows:

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94 6. In the event that a capacity constraint occurs on either Party's system which
96 results in curtailment of quantities through an Location Interconnect Point,

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_8

100 7. ~~The primary term of this agreement shall be from the effective date until _____
_____ and month to month thereafter unless cancelled upon
_____ written notice.~~

102 7.8. This Agreement is entered into in order to facilitate operations and accounting
104 between the Parties, and shall have no effect upon the Service
Requester Shipper Agreements or upon the effectiveness of any Party's FERC
106 Gas Tariff or General Terms and Conditions.⁹

108 8.9. ~~[Each party agrees to Establish a procedure by which locations are added to or
deleted from this Agreement or Exhibit 1.] immediately notify the other party
110 upon temporary or permanent cessation of gas flow into the other party at an
Interconnect Point or upon acquisition of a new Interconnect Point, and the~~

6 See Footnote 3.

7 Possible inserts include but are not limited to, for example: procedures for in-kind balancing,
procedures for cash out, procedures for a combination of the two, some other mutually agreed
procedure, or is provided by regulatory or contractual provisions. ~~or mutual agreement.~~

8 Possible inserts include but are not limited to, for example "the Party on whose system the
constraint has occurred shall determine the confirmation of quantities to the Service
Requester Shippers under the affected Service Requester Shipper Agreements. Such change in
Scheduled Quantities shall be confirmed _____ [see Footnote 3] in writing as required by
Paragraph 1 above. If the constraint occurs at the Location Interconnect Point, the operator of
the Location downstream Party shall determine the confirmation of quantities to the Service
Requester Shippers under the affected Service Requester Shipper Agreements, unless otherwise
mutually agreed".

9 This paragraph may be deleted if the Agreement is contained within the Party's Gas Tariff or
General Terms and Conditions.

112 Parties agree to timely amend this Agreement to delete or add such
114 Interconnect Points as may be appropriate, by revising Exhibit 1 hereto.

116 10. Any new Interconnect Points between _____ and _____ shall be
118 added to this Agreement prior to the commencement of any gas flow, or shall
120 otherwise be deemed to have been added to this Agreement upon any gas flow.

122 911. Notwithstanding the termination of this Agreement, the Parties agree to
124 reconcile and eliminate any remaining Operational Imbalance pursuant to the
126 terms and conditions of this Agreement within _____ of termination
128 of this Agreement or such other period of time which is mutually agreed to by
130 the Parties.

132 1012. This Agreement and the terms and conditions herein are subject to all present
134 and future valid laws, orders, rules and regulations of duly constituted
136 authorities having jurisdiction.

138 1113. In the event a conflict exists or arises between this Agreement and Parties'
140 FERC Gas Tariff or General Terms and Conditions, as amended from time to
142 time, it is agreed and understood that the latter shall control.

144 1214. This Agreement is for accounting and system management purposes only, and
146 is entered into by the Parties with the understanding that the balancing activities
148 provided for hereunder will not subject any non-jurisdictional entity to regulation
150 by the Federal Energy Regulatory Commission as a "natural gas Company"
152 under the provisions of the Natural Gas Act. If, at any time, it should be
154 determined that such balancing activities do result in such regulation, then this
156 Agreement shall immediately terminate, and any remaining Operational
158 Imbalance shall be resolved by the Parties within _____ after
160 termination of this Agreement.

1315. Any entity which shall succeed by purchase, merger or consolidation to the
properties, substantially as an entity, of either Party, shall be subject to the
obligations of its predecessor to this Agreement. No other assignment of this
Agreement or of any of the rights or obligations hereunder shall be made.

1416. AS TO ALL MATTERS OF CONSTRUCTION AND INTERPRETATION, THIS
AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS
OF THE STATE OF _____.

1517. Any notice, request, or statement provided pursuant to this Agreement shall be
in writing and shall be considered as having been given, if delivered personally,
when delivered, or, if either electronically communicated, mailed by United
States mail, postage prepaid, sent by express mail, or overnight delivery, or if
telecopied to the other Party, then, when sent, to the following:

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Changes to the above addresses shall be effectuated by a Party notifying the other Party in writing of the modification.

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~~1618.~~ A waiver by either Party of any one or more defaults by the other Party hereunder shall not operate as a waiver of any future default or defaults, whether of like or different character.

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17. [Additional provisions as necessary]

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18. The Effective Date of this Agreement shall be _____.

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19. The primary term of this agreement shall be from the Effective Date until _____ and month to month thereafter unless cancelled upon _____ written notice or by other provisions herein.

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184 IN WITNESS WHEREOF, the Parties hereto have executed duplicate originals of this
186 Agreement on the date set forth hereinabove.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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EXHIBIT 1

To the Operational Balancing Agreement
Between

and

Dated _____

Location Interconnect Point(s)

between _____ and _____

<u>Party</u> ¹⁰	<u>Proprietary Gas Transaction Point Code.</u>	<u>DRN No.</u>	<u>Description</u>
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[Add any instructions or further provisions, if necessary].

¹⁰ The party column should include entries for each interconnected party, for example: 'party 1' and 'party 2'.