

OPERATIONAL BALANCING AGREEMENT
between

and

THIS AGREEMENT ("OBA" or "Agreement") made and entered into by and between _____ ("_____") and _____ ("_____"), (collectively the "Parties" or individually as "Party"), this ____ day of _____, 1998.

WITNESSETH

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

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 party shippers (hereinafter referred to as "Shipper" or "Shippers") for the transportation of gas to or from the Interconnect Point on their respective systems (said agreements hereinafter referred to as "Shipper Agreements"); and

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

WHEREAS, the Parties desire to implement a balancing agreement in order to facilitate more efficient operations, accounting, and systems management at the Interconnect Point and on the Parties' respective systems.

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

1. Prior to the effective date of Shipper nominations at each Interconnect Point, the Parties shall _____¹ nominations received by each Party from Shippers for whom the Parties will be delivering or receiving gas at that point. Such _____² between the Parties shall be made _____,³ unless otherwise mutually agreed to by the Parties.
2. The Parties intend that the volume of gas actually delivered and received each day at each Interconnect Point will equal the Scheduled Quantities for that point. Each Party will allocate volumes which are to be delivered and received at each Interconnect Point among the Shipper Agreements on its system pursuant to the quantities scheduled at such points. Any Operational Imbalance created, when the actual physical flow is different than the Scheduled Quantities (on a monthly basis), will be the "Operational Imbalance," which will be the responsibility of the Parties to eliminate pursuant to this Agreement.
3. [OPTIONAL PROVISION: Establish a maximum cumulative Operational Imbalance and procedures for immediate or accelerated resolution if maximum reached.]
4. Estimated operating quantities flowing at each Interconnect Point shall be used _____⁴ during any current month to determine the estimated Operational Imbalance at such Interconnect Point, with physical flow adjustments to be made during that current month as mutually agreed to by both Parties to attempt to maintain or achieve an Operational Imbalance of zero at such point; provided, however, _____.⁵
5. a. The actual measured quantity of gas at the Interconnection Point each month shall be determined and communicated by the measuring Party ("Measurement Party") by facsimile, electronic interface system or in writing to the other Party in accordance with GISB Standard 2.3.7. The actual measured quantity shall be determined pursuant to the applicable provisions of the Measurement Party's Tariff or applicable measurement procedures. Operational Imbalances shall be

¹ Possible inserts include: "reconcile and confirm", "discuss", or "verify".

² See footnote 1.

³ Possible inserts include "verbally", "verbally with subsequent confirmation in writing", "in writing" or "electronically".

⁴ Possible inserts include: "on a daily basis" or it may be left blank.

⁵ Possible inserts include: whatever the parties agree upon for rescheduling during the month.

calculated initially by Measurement Party and shall be agreed to in writing by the Parties prior to the _____ day of such month.

b. Operational imbalances shall be resolved as follows:

_____.⁶

6. In the event that a capacity constraint occurs on either Party's system which results in curtailment of quantities through an Interconnect Point, _____⁷
7. The primary term of this agreement shall be from the effective date until _____ and month to month thereafter unless cancelled upon _____ written notice.
8. This Agreement is entered into in order to facilitate operations and accounting between the Parties, and shall have no effect upon the Shipper Agreements or upon the effectiveness of any Party's FERC Gas Tariff.
9. Each party agrees to immediately notify the other party 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 Parties agree to timely amend this Agreement to delete or add such Interconnect Points as may be appropriate, by revising Exhibit 1 hereto.
10. Any new Interconnect Points between _____ and _____ shall be added to this Agreement prior to the commencement of any gas flow, or shall otherwise be deemed to have been added to this Agreement upon any gas flow.
11. Notwithstanding the termination of this Agreement, the Parties agree to reconcile and eliminate any remaining Operational Imbalance pursuant to the terms and conditions of this Agreement within _____ of termination of this

⁶ Possible inserts include: procedures for in-kind balancing, procedures for cash out, procedures for a combination of the two, or mutual agreement.

⁷ Possible inserts include "the Party on whose system the constraint has occurred shall determine the confirmation of quantities to the Shippers under the affected Shipper Agreements. Such change in Scheduled Quantities shall be confirmed in writing as required by Paragraph 1 above. If the constraint occurs at the Interconnect Point, the downstream Party shall determine the confirmation of quantities to the Shippers under the affected Shipper Agreements".

Agreement or such other period of time which is mutually agreed to by the Parties.

12. This Agreement and the terms and conditions herein are subject to all present and future valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
13. In the event a conflict exists or arises between this Agreement and Parties' FERC Gas Tariff, as amended from time to time, it is agreed and understood that the latter shall control.
14. This Agreement is for accounting and system management purposes only, and is entered into by the Parties with the understanding that the balancing activities provided for hereunder will not subject any non-jurisdictional entity to regulation by the Federal Energy Regulatory Commission as a "natural gas Company" under the provisions of the Natural Gas Act. If, at any time, it should be determined that such balancing activities do result in such regulation, then this Agreement shall immediately terminate, and any remaining Operational Imbalance shall be resolved by the Parties within _____ after termination of this Agreement.
15. 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.
16. AS TO ALL MATTERS OF CONSTRUCTION AND INTERPRETATION, THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF _____.
17. 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 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:

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

18. 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.

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

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT 1

To the Operational Balancing Agreement
Between

and

Dated _____

Interconnect Point(s)
between _____ and _____

Company
Meter No.

Transporter
DRN No.

Description