

2 OPERATIONAL BALANCING AGREEMENT
4 between

6 _____
and

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

16 WITNESSETH

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

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

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

34 WHEREAS, the Parties desire to implement an operational balancing agreement in
order to facilitate more efficient operations, accounting, and systems management at the
36 Location and on the Parties' respective systems.

38 [Additional WHEREAS clauses as necessary]

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

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- 44 1. Prior to the date and time of flow at each Location, the Parties shall confirm and
schedule nominations which will be delivered or received at each Location.
Such _____¹ between the Parties shall be made
46 _____,² unless otherwise mutually agreed to by the Parties.

- 48 2. The Parties intend that the quantity of gas actually delivered and received each
50 day at each Location will equal the Scheduled Quantities for that location. Each
52 Party will allocate quantities which have been delivered and received at each
54 Location among the Service Requester Agreements on its system pursuant to
56 the Scheduled Quantities at such locations. Any imbalance created, when the
58 actual physical flow is different than the Scheduled Quantities, will be the
60 "Operational Imbalance," which will be the responsibility of the Parties to
62 eliminate pursuant to this Agreement. [Parties may establish a maximum
64 Operational Imbalance and procedures for immediate or accelerated resolution
66 if such maximum is reached.]
- 68 3. Estimated operating quantities flowing at each Location shall be used
70 _____³ during any current period to determine the
72 estimated Operational Imbalance at such Location, with physical flow
74 adjustments to be made during that current period as mutually agreed to by
76 both Parties to attempt to maintain or achieve an Operational Imbalance of zero
78 at _____⁴ such _____⁴ point; _____⁴ provided, _____⁴ however,
80 _____⁴.
- 82 4. a. The actual measured quantity of gas at the Location each month shall be
84 determined and communicated by the measuring party ("Measuring Party") by
86 facsimile, electronic interface system or in writing to the other Party in
88 accordance with GISB Standard 2.3.7. The actual measured quantity shall be
90 determined pursuant to the applicable provisions of the Measuring Party's Tariff
or applicable measurement procedures. Operational Imbalances shall be
calculated initially by Measuring Party and shall be agreed to _____⁵
by the Parties prior to the _____ day of such period.
- b. Operational imbalances shall be resolved as follows:

_____⁶
5. In the event that a capacity constraint occurs on either Party's system which
results in curtailment of quantities through a Location,

_____⁷
6. This Agreement is entered into in order to facilitate operations and accounting
between the Parties, and shall have no effect upon the Service Requester
Agreements or upon the effectiveness of any Party's Gas Tariff or General
Terms and Conditions.⁸
7. [Establish a procedure by which locations are added to or deleted from this
Agreement or Exhibit 1.]

92 8. Notwithstanding the termination of this Agreement, the Parties agree to
94 reconcile and eliminate any remaining Operational Imbalance pursuant to the
96 terms and conditions of this Agreement within _____ of termination
of this Agreement or such other period of time which is mutually agreed to by
the Parties.

98 9. This Agreement and the terms and conditions herein are subject to all present
100 and future valid laws, orders, rules and regulations of duly constituted
authorities having jurisdiction.

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

106 11. This Agreement is for accounting and system management purposes only, and
108 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
110 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
112 determined that such balancing activities do result in such regulation, then this
Agreement shall immediately terminate, and any remaining Operational
114 Imbalance shall be resolved by the Parties within _____ after
termination of this Agreement.

116 12. Any entity which shall succeed by purchase, merger or consolidation to the
118 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
120 Agreement or of any of the rights or obligations hereunder shall be made.

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

126 14. 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,
128 when delivered, or, if either electronically communicated, mailed, 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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132 _____
134 _____
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138 Changes to the above addresses shall be effectuated by a Party notifying the
140 other Party in writing of the modification.

- 142 15. 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.
- 144
- 146 16. [Additional provisions as necessary.]⁹
- 148 17. The Effective Date of this Agreement shall be _____, _____.
- 150 18. The primary term of this agreement shall be from the Effective Date until
_____ and month to month thereafter unless cancelled upon
152 _____ written notice or by other provisions herein.

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

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158	Company Name:	Company Name:
	_____	_____
	By:	By:
	_____	_____
	Printed Name:	Printed Name:
	_____	_____
	Title:	Title:
	_____	_____
	Date:	Date:
	_____	_____

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EXHIBIT 1

To the Operational Balancing Agreement
Between

and

Dated _____

LOCATION(S)

<u>PARTY NAME¹⁰</u>	<u>D-U-N-S® NUMBER</u>	<u>PROPRIETARY GAS TRANSACTION POINT CODE</u>	<u>DRN NO.</u>	<u>DESCRIPTION</u>

[Add any instructions or further provisions, if necessary.]

_____ [®] A registered trademark of Dun and Bradstreet Corporation.

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OPERATIONAL BALANCING AGREEMENT

INSTRUCTION SHEET

1. For paragraph 1, the first insert: Possible inserts include but are not limited to, for example: "reconciliation and confirmation," "discussion," or "verification."
2. For paragraph 1, the second insert: Possible inserts include but are not limited to, for example "verbally," "verbally with subsequent confirmation in writing," "in writing" or "electronically."
3. For paragraph 3, the first insert: Possible inserts include but are not limited to, for example: "on a daily basis" or it may be left blank.
4. For paragraph 3, the second insert: Possible inserts include but are not limited to, for example: whatever the parties agree upon for rescheduling during the period.
5. For paragraph 4a, the insert: Possible inserts include but are not limited to, for example "verbally," "verbally with subsequent confirmation in writing," "in writing" or "electronically."
6. For paragraph 4b, the first insert: 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 as provided by regulatory or contractual provisions.
7. For paragraph 5, the insert: 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(s) under the affected Service Requester Agreements. Such change in Scheduled Quantities shall be confirmed _____ [see Instruction 2] as required by Paragraph 1 above. If the constraint occurs at the Location, the operator of the Location shall determine the confirmation of quantities to the Service Requester(s) under the affected Service Requester Agreements, unless otherwise mutually agreed."
8. For paragraph 6, this paragraph may be deleted if the Agreement is contained within the Party's Gas Tariff or General Terms and Conditions.
9. For paragraph 16, optional merger language may be added such as: "This Agreement and the Exhibit(s) constitute the complete agreement of the parties relating to the matters specified in this Agreement and supersede all prior representations or agreements, whether oral or written, with respect to such matters."
10. For Exhibit 1, the column entitled "Party Name" should include entries for each interconnected party, for example: "party 1" and "party 2."